WEEKLY YIELD

Update of Equity & Debt Market

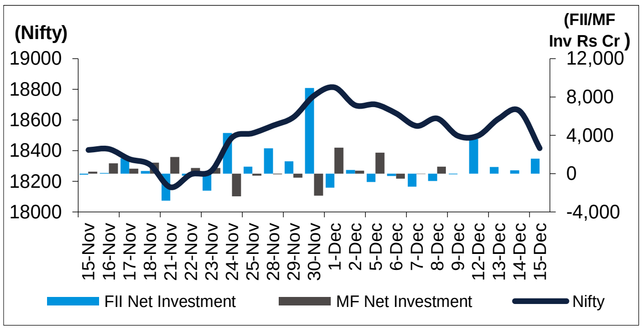
December 16, 2022

DOMESTIC EQUITY

- Indian equity indices declined for the second straight week on fears of a possible global recession following hawkish stance on future rate hikes by major global central banks. S&P BSE Sensex and Nifty 50 fell about 1.4% and 1.2%, respectively.
- Further, reports of a fresh missile attack on Ukraine by Russia also aided the downslide of the benchmark.
- Most of the sectors ended negative with consumer durables, information technology (IT) and realty declining the most. S&P BSE Consumer Durables, S&P BSE IT and S&P BSE Realty fell 2.6%, 1.9% and 1.7%, respectively.
- However, some losses were capped after domestic retail inflation eased to an 11-month low in November, below the Reserve Bank of India's (RBI) tolerance level.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-1.36	4.24	5.94
Nifty 50	-1.23	4.21	5.92
S&P BSE Midcap	-1.37	0.71	2.34
S&P BSE Smallcap	-0.14	1.09	1.59
S&P BSE Bankex	-1.20	5.21	18.10
S&P BSE CG	-0.55	5.67	21.25
S&P BSE FMCG	-1.61	4.41	20.66
S&P BSE IT	-1.90	5.40	-18.88
S&P BSE Healthcare	-1.29	1.82	-7.70

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks ended lower as investors worried about recession risk after the Federal Reserve (Fed) hiked interest rates by 50 basis points (bps) to a 4.25% to 4.5% target range and indicated that it will continue hiking rates to control inflation. The central bank projected rates would end next year at 5.1%.
- Britain's FTSE fell 0.67% after the Bank of England hiked rates by 50 bps, joining other major central banks in the rate hike bandwagon.
- Asian equities mostly ended lower. Japan's Nikkei declined 1.3% on worries over global economic slowdown as global central banks continued with their rate hike plans and sell-off in technology shares.
- Hong Kong's Hang Seng slid 2.3% because of rising Covid cases in China, weak Chinese retail sales and industrial production data, and as global central banks signalled a hawkish policy stance for a prolonged period.
- China's Shanghai Composite declined 1.22% on rising Covid cases and as the Fed projected higher interest rates for a longer period.
- Expectations of reforms by the government to support the struggling economy lifted market sentiments

DOMESTIC DEBT

Indicators	Dec 16, 2022	Previous Week	Trend
Call Rate	6.45%	6.10%	↑
3 M CP	7.15%	7.15%	⇔
1 Yr CP	7.90%	7.89%	↑
3 M CD	6.87%	6.80%	↑
1 Yr CD	7.61%	7.61%	⇔
5 Yr AAA	7.56%	7.57%	↓
1 Yr G-Sec*	6.73%	6.80%	↓
5 Yr G-Sec*	7.14%	7.19%	↓
10 Yr G-Sec*	7.28%	7.30%	↓
USD/INR*	82.86	82.27	↑

Source: *CRISIL Fixed Income Database, RBI *Weighted Average Yield*

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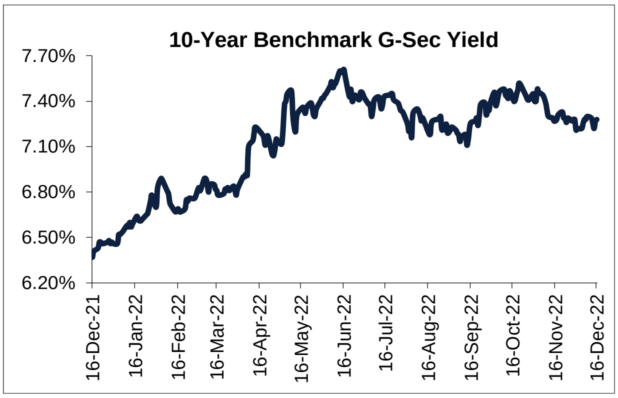
Union MUTUAL FUND

December 16, 2022

- Government bond prices ended slightly higher in the week ended December 16, 2022. Yield of the 10-year benchmark 7.26% 2032 paper closed at 7.28% on December 16, 2022, compared with 7.30% on December 9, 2022.
- Yields began the week on a flat note as investors remained on the sidelines ahead of the release of domestic inflation numbers for November 2022.
- Market sentiments strengthened after the dip in domestic inflation data raised hopes that the RBI may pause its current rate hike cycle.
- Further rise in gilts was prevented as the Fed chief's comments indicated more rate hikes in the future.
- Meanwhile, in the debt sale held on December 16, 2022, the central bank had auctioned 6.69% GS (Government Securities) 2024, 7.10% GS 2029, New GS 2036 and 7.40% GS 2062 for a total notified amount of Rs 30,000 crore.



Source: *CRISIL Fixed Income Database*

GLOBAL DEBT

- US Treasury prices ended higher in the week ended December 15, 2022 primarily owing to a pullback in domestic inflation numbers.
- Yields dipped earlier as inflation cooled in November 2022. US consumer prices eased to 7.1% on-year in November 2022 compared with a 7.7% rise in October 2022. Core inflation eased to 6% from 6.3%.
- More buying was seen in the safe-haven bonds as downbeat retail sales data added to recession worries. US retail sales fell 0.6% on-month in November 2022 compared with a 1.3% gain in October 2022.
- However, further rally in prices was halted after the Fed hiked interest rates by 50 bps and indicated that it will continue hiking rates to control inflation.
- The yield of the 10-year benchmark Treasury bond ended at 3.45% on December 15, 2022 compared with 3.57% on December 9, 2022.

DOMESTIC NEWS

- India's consumer price inflation eased to 5.88% on-year in November compared to 6.77% in October 2022, while the wholesale price index-based inflation eased to a 21-month low of 5.85% on-year in November 2022 compared to 8.39% in October 2022, mainly due to fall in prices of food articles.
- India's industrial production fell 4% on-year in October 2022 from a revised 3.5% rise in the previous month.
- India recorded a trade deficit of $23.89 billion in November 2022 compared to a deficit of $26.91 billion in the previous month. Exports increased to $31.99 billion in November 2022 from $29.78 billion in October 2022, while imports fell to $55.88 billion from $56.69 billion.
- Asian Development Bank (ADB) expects India to grow 7% this year before accelerating to 7.2% in 2023.
- Government sought Parliament's approval for net additional spending of over Rs 3.25 lakh crore in the current fiscal.
- Government slashed the windfall profit tax on domestically produced crude oil and also reduced the levy on diesel effective from December 16, 2022.
- Finance Ministry said net direct tax collection grew 24% to Rs 8.77 lakh crore in the April-November 2022 of the ongoing fiscal.

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December 16, 2022

- Finance Ministry said Sovereign Gold Bonds (SGBs) 2022-23-Series III will open for subscription during December 19 to 23, 2022 and 2022-23-Series IV during March 06-10, 2023.
- Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey said the fourth tranche of Bharat Bond exchange-traded fund (ETF) got subscribed 2.8 times with the total collection of over Rs 2800 crore.
- RBI governor Shaktikanta Das asked Fintechs to pay close attention to governance, business conduct, data protection, customer centricity, regulatory compliance, and risk mitigation frameworks.
- RBI shortlisted seven global consultancy firms to use artificial intelligence (AI) and machine learning for supervisory functions.
- Securities and Exchange Board of India (SEBI) unveiled a framework for alternative investment funds (AIFs) raising capital from foreign investors.
- SEBI provided clarity on the framework pertaining to 'schemes of arrangement' for entities who have listed their Non-convertible Debt securities (NCDs)/ Non-convertible Redeemable Preference shares (NCRPS) ('debt listed entities').

GLOBAL NEWS

- The Federal Open Market Committee raised its benchmark rate by 50 bps to a 4.25% to 4.5% target range and projected rates would end next year at 5.1%.
- US budget deficit rose to $249 billion in November 2022 compared to $191.3 billion deficit in the same month last year.
- US industrial production rose 2.5% on-year in November 2022 compared to 3.3% gain in October 2022.
- US retail sales fell 0.6% on-month in November 2022 compared to 1.3% gain in October 2022.
- European Central Bank hiked the refinancing, deposit facility and marginal lending rates by 50 bps each to 2.5%, 2% and 2.75%, respectively.
- Eurozone industrial production grew 3.4% on-year in October 2022 compared to an upwardly revised 5.1% gain in September 2022.
- Bank of England voted by a majority of 6-3 to raise interest rates by 50 bps to 3.5% at its policy meet.
- UK economy grew 1.5% on-year in October 2022, compared to a 1.3% rise in September 2022.
- UK consumer prices eased to 10.7% in November 2022 from 11.1% in October 2022. The core inflation slowed to 6.3% in November 2022 from 6.5% in the prior month.
- UK trade deficit shrank to 1.8 billion pounds in October 2022, from 3.1 billion pounds in September 2022.
- UK industrial production fell 2.4% on-year in October 2022, compared to 3.1% drop in September 2022. The manufacturing production decreased 4.6% in October 2022, from 5.8% decline in September 2022.
- China's banks extended new yuan 1.21 trillion loans in November 2022, up from yuan 0.62 trillion-new loan extended in October 2022.
- The People's Bank of China (PBOC) kept the one-year interest rate unchanged at 2.75% for the fourth straight month and injected 650 billion yuan via one-year medium term lending facility (MLF).
- China's industrial production rose 2.2% on-year in November 2022 from a 5% gain in the prior month.
- China's retail sales declined by 5.9% on-year in November 2022 from a 0.5% fall in the previous month.
- Japan's industrial production rose 3.02% on-year in October 2022, from a 9.6% rise in the previous month. Japan's producer price index advanced 9.3% on-year in November 2022 slowing from an upwardly revised 9.4% gain in October 2022. Japan's tertiary industry index rose to 99.9 in October 2022 from 99.7 in September 2022.

DAY	
Monday, Dec 19, 2022	• US NAHB Housing Market Index, December 2022 • Eurozone Construction Output, October 2022
Tuesday, Dec 20, 2022	• US Building Permits & Housing Starts, November 2022 • Eurozone Current Account, October 2022 • Eurozone Consumer Confidence Flash, December 2022 • China Loan Prime Rate 1Y/5Y, December 2022 • BoJ Interest Rate Decision
Wednesday, Dec 21, 2022	• US Consumer Confidence, December 2022 • US Current Account, Q3 2022 • US Existing Home Sales, November 2022
Thursday, Dec 22, 2022	• US GDP, Q3 2022 • US Chicago Fed National Activity Index, November 2022 • US Leading Index, November 2022 • US Initial Jobless Claims, December 17, 2022 • UK Current Account, Q3 2022 • UK GDP Growth Rate, Q3 2022 • Japan Leading Economic Index, October 2022 • Japan Coincident Index, October 2022
Friday, Dec 23, 2022	• US Personal Income & Spending, November 2022 • US Durable Goods Orders, November 2022 • US PCE Price Index, November 2022 • US New Home Sales, November 2022 • US Michigan Consumer Sentiment, December • Japan Inflation Rate, November 2022 • BoJ Monetary Policy Meeting Minutes • India Foreign Exchange Reserves, December 16, 2022

Source: CRISIL

Statutory Details: Constitution: Union Mutual Fund has been set up as a Trust under the Indian Trusts Act,1882; Sponsors: Union Bank of India and Dai-ichi Life Holdings, Inc.; Trustee: Union Trustee Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198198], a company incorporated under the Companies Act, 1956 with a limited liability; Investment Manager: Union Asset Management Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198201], a company incorporated under the Companies Act, 1956 with a limited liability. Registered Office: Unit 503, 5th Floor, Leela Business Park, Andheri Kurla Road, Andheri (East), Mumbai - 400059.Toll Free No. 18002002268 · Non Toll Free. 022-67483333 · Fax No: 022-67483401 · Website: www.unionmf.com · Email: investorcare@unionmf.com