

WEEKLY YIELD

Update of Equity & Debt Market

May 17, 2024

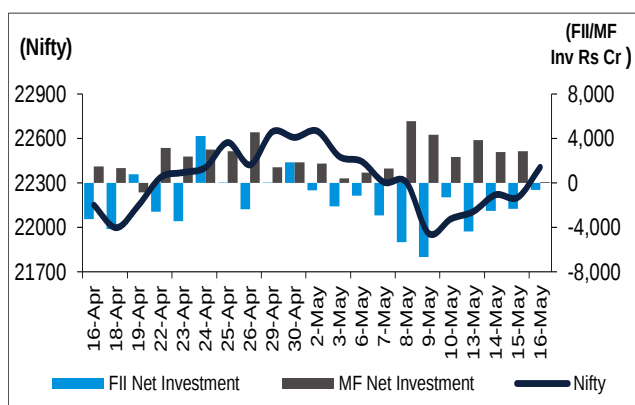


DOMESTIC EQUITY

- Indian equities ended higher this week after softer-than-expected United States (US) consumer inflation data raised expectations of the US Federal Reserve cutting interest rates at least twice this year. The S&P BSE Sensex and Nifty 50 rose 1.72% and 1.86%, respectively.
- More gains were added as worries over general elections eased.
- All sectors ended higher, with capital goods (CG), realty and power gaining the most. S&P BSE CG, S&P BSE Realty and S&P BSE Power gained 8.70%, 6.91% and 6.34%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	1.72	2.06	20.07
Nifty 50	1.86	1.93	23.56
S&P BSE Midcap	4.42	7.29	62.71
S&P BSE Smallcap	4.83	4.23	59.31
S&P BSE Bankex	1.57	4.51	10.92
S&P BSE CG	8.70	18.38	79.92
S&P BSE FMCG	-0.03	2.82	11.79
S&P BSE IT	1.42	-12.46	22.47
S&P BSE Healthcare	2.18	-0.12	53.46

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended higher this week after lower-than-expected inflation data raised hopes of a Fed rate cut and strong earnings.
- More gains were added after Powell reiterated that a rate hike was unlikely in future meetings.
- Britain's FTSE Index ended flat since gains due to better-than-expected gross domestic product data were trimmed due to a weak earnings update.
- Asian equities ended mostly higher. Japan's Nikkei Index advanced 1.46% as chip-related shares rose, tracking gains in the US market and as export-related shares rose on a weak yen.
- Uncertainties over the Bank of Japan's policy trajectory induced losses.
- Hong Kong's Hang Seng rallied 3% amid hopes of economic development in China after the government unveiled a batch of supporting measures and on optimism regarding corporate earnings.
- China's Shanghai Composite ended flat as losses at the start of the week (after the US levied fresh tariffs on China and credit growth data was weak) were trimmed due to a rise in property shares after major cities lifted home purchasing restrictions.



DOMESTIC DEBT

Indicators	May 17, 2024	Previous Week	Trend
Call Rate	5.50%	6.75%	↓
3 M CP	7.87%	7.90%	↓
1 Yr CP	8.05%	8.05%	↔
3 M CD	7.25%	7.30%	↓
1 Yr CD	7.65%	7.65%	↔
5 Yr AAA	7.57%	7.61%	↓
1 Yr G-Sec*	7.06%	7.08%	↓
5 Yr G-Sec*	7.09%	7.13%	↓
10 Yr G-Sec*	7.05%	7.08%	↓
USD/INR*	83.33	83.49	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

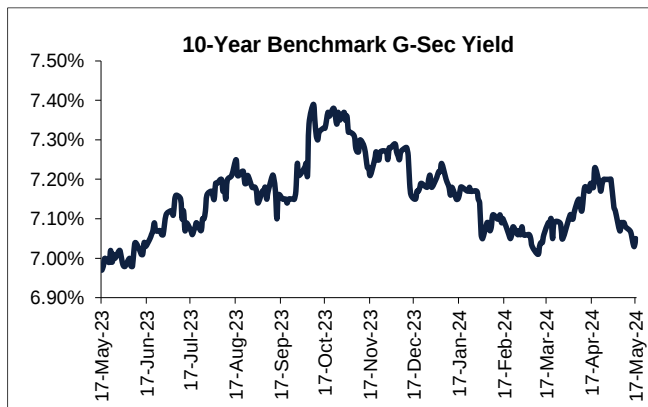
*Weighted Average Yield

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- Government bond prices ended higher in the week ended May 17, 2024. The yield of the 10-year benchmark 7.10% 2034 paper closed at 7.03% compared with 7.08% on May 10, 2024.
- Bond prices rose due to a sharp decline in US peers after softer-than-expected US jobs data and cooler-than-expected US inflation data raised expectations of a rate cut by the Federal Reserve (Fed).
- Further weakness in the US treasury yield also kept bond prices elevated.
- Back home, bond prices gained after the government announced bond buyback plans. However, further gains in bond prices halted after the weekly debt auction aided supply.
- Meanwhile, in the debt sale held on May 17, 2024, the RBI auctioned 7.10% GS (Government security) 2034 and 7.34% GS 2064 for a total notified amount of Rs 31,000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices rose this week after inflation data came in lower than expected, raising hopes of a rate cut by the Fed.
- US inflation eased to 3.4% on-year in April, 2024, from 3.5% in March, 2024, while core inflation eased to 3.6% from 3.8%.

- Bond prices also rose after Federal Reserve Chairman Jerome Powell reiterated inflation is falling more slowly than expected and will keep the central bank on hold for an extended period.
- Yields recovered towards the end of the week after data showed jobless claims fell to 222,000 in the week ending May 11, 2024, compared with the revised 232,000 in the previous week.
- The yield on the 10-year benchmark Treasury bond ended lower at 4.37% on May 16, 2024 compared with 4.50% on May 10, 2024.



DOMESTIC NEWS

- India's retail inflation eased marginally to hit 11-month low of 4.83% on an annual basis in April 2024 as against 4.85% in March 2024.
- India's wholesale inflation hardened to a 13-month high of 1.26% in April 2024 compared with 0.53% in March 2024.
- The merchandise trade deficit widened to \$19.1 billion in April 2024, compared with a deficit of \$15.6 billion in March 2024
- Asian Development Bank Chief Economist Albert Park said that India needs to focus on factor market reforms such as land and labour to propel its growth to a double-digit trajectory.
- As per the Reserve Bank of India's (RBI) half-yearly report, the share of gold in total foreign exchange reserves increased from 7.37% as at end-September 2023 to about 8.15% as at end-March 2024.
- In its World Economic Situation and Prospects 2024 report, the United Nations stated it expects the Indian economy to expand 6.9% in 2024, up from the January 2024 forecast of 6.2%. It forecasts 6.6% growth in 2025, driven by strong public investment and resilient private consumption.

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GLOBAL NEWS

- The Federation of Indian Export Organisation stated it expects merchandise exports to reach \$500-510 billion for fiscal 2025.
- India decided to continue its budgetary support to the Maldives government with the rollover of a \$50 million treasury bills for another year.
- India and Iran signed a long-term contract for the operation of the Shahid Beheshti Port terminal at Chabahar in Iran.
- The government slashed windfall gains tax on domestically produced crude to Rs 5,700 per tonne from the earlier Rs 8,400 per tonne.
- The government plans to make it mandatory for e-commerce companies to comply with quality norms for consumer reviews after a voluntary push failed to effectively curb fake reviews.
- Finance Minister Nirmala Sitharaman highlighted the rapidly evolving dynamics of household savings. She said families are actively opening demat accounts, believing in the Indian stock market.
- The Reserve Bank of India (RBI) said non-residents could open accounts through authorised dealers for collecting margin money for derivative contracts.
- Securities and Exchange Board of India (SEBI) proposed facilitating investments by mutual funds in overseas funds, which invest certain portion of their assets in Indian securities.
- The Insolvency and Bankruptcy Board of India has asked debt resolution professionals to upload orders from tribunals and courts quickly on a portal designated by the regulator, since judicial rulings have an impact on the ongoing bankruptcy cases.
- Employees Provident Fund Organisation has come up with an arrangement wherein 19 regional offices are linked to 36 collaborating regional offices.
- US consumer inflation expectations increased to 3.3% in April 2024, from 3% in March 2024.
- US producer prices increased 2.2% on-year in April 2024, accelerating from a downwardly revised 1.8% gain in March 2024, while Core producer prices rose by 2.4%, following a downwardly revised 2.1% rise.
- The Eurozone's GDP expanded by 0.4% on year in Q1 2024, in line with preliminary estimates, and gaining traction following two quarters of 0.1% growth.
- Eurozone industrial production shrank by 1% on year in March 2024, after an upwardly revised 6.3% slump in April 2024.
- Eurozone Employment Change eased to 1% on year in Q1 of 2024, from 1.2% in previous quarter.
- The UK economy expanded 0.2% year-on-year in the first three months of 2024, rebounding from a 0.2% drop in the previous period.
- UK unemployment rate rose to 4.3% from January 2024 to March 2024, slightly up from 4.2% in the three months to December 2023.
- China's annual inflation rate rose to 0.3% in April 2024, up from 0.1% in March 2024, while producer prices declined by 2.5%, following 2.8% fall in March 2024.
- China's industrial production expanded by 6.7% on year in April 2024 compared to a 4.5% growth in March 2024.
- China's retail sales rose by 2.3% on year in April 2024 moderating from a 3.1% growth in March 2024.
- The Japanese economy contracted 2.0% in Q1 of 2024, after showing no growth in a downwardly revised figure during the previous period.
- Japan annual producer prices was unchanged at 0.9% in April 2024, compared to March 2024.

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DAY	EVENTS
Monday, May 20, 2024	China Loan Prime Rate 1Y/5Y, May
Tuesday, May 21, 2024	- Eurozone Balance of Trade, March - Eurozone Construction Output, March
Wednesday, May 22, 2024	- US Existing Homes sales, April - US FOMC Minutes - UK Inflation Rate, April - UK Core Inflation Rate, April - UK PPI Output/Input, April - UK Retail Prices Index, April
Thursday, May 23, 2024	- US Chicago Fed National Activity Index, April - US S&P Global Composite/Manufacturing/ Services PMI, May - US Initial Jobless Claims, May 18 - Eurozone Consumer Confidence, May - Eurozone HCOB Composite/Manufacturing/ Services PMI, May - UK S&P Global Composite/Manufacturing/ Services PMI, May - Japan Jibun Bank Manufacturing/Composite/Services PMI, May - India HSBC Composite/Manufacturing/Services PMI May
Friday, May 24, 2024	- US Durable Goods Order, May - US Michigan Consumer Sentiment Final, May - UK GfK Consumer Confidence May - UK Retail Sales, April - India Foreign Exchange Reserves, May 17

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Source: CRISIL

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