

WEEKLY YIELD

Update of Equity & Debt Market

May 24, 2024

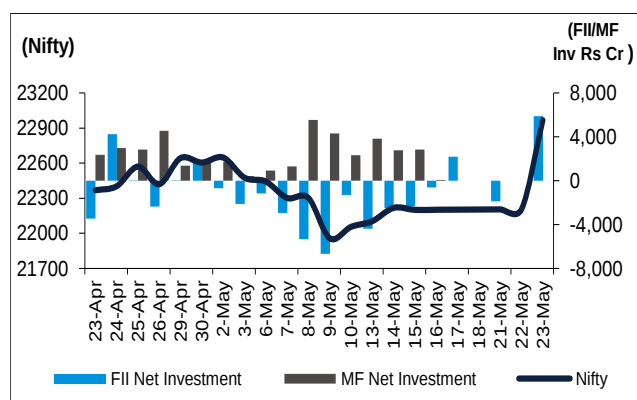


DOMESTIC EQUITY

- Indian equities ended higher this week after the Reserve Bank of India (RBI) announced a substantial Rs 2.1 lakh crore dividend for the government for fiscal year 2024. Optimism over corporate earnings and hopes of a steady government also boosted the sentiment. The S&P BSE Sensex rose 2.02% and Nifty 50, 2.19%.
- Almost all sectors ended higher with capital goods (CG), power and metal gaining the most. The S&P BSE CG gained 5.95%, S&P BSE Power 3.15% and S&P BSE Metal 3.07%.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	2.02	3.10	22.08
Nifty 50	2.19	3.35	25.55
S&P BSE Midcap	1.58	8.98	64.30
S&P BSE Smallcap	0.85	4.26	60.34
S&P BSE Bankex	1.66	5.12	12.82
S&P BSE CG	5.95	23.80	92.55
S&P BSE FMCG	0.52	1.78	12.28
S&P BSE IT	0.99	-10.64	19.87
S&P BSE Healthcare	-0.01	-0.86	52.10

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended mixed this week with the Nasdaq falling 2.3% and the Dow Jones gaining 0.3%.
- The markets declined, especially the Nasdaq, on dwindling hopes of a rate cut by the Fed after the minutes release showed that several officials were disappointed with recent inflation data and believed that disinflation may take longer than expected. However, some gains were seen, especially in the Dow Jones, owing to earnings update.
- Britain's FTSE Index fell 0.96% after hotter-than-expected inflation data dimmed hopes of rate cut by the Bill of Exchange and slowdown in services activity.
- Asian equities ended lower. Japan's Nikkei Index fell 0.36% on fading hopes of rate cut by the Fed.
- Hong Kong's Hang Seng slumped 4.8% as strong US economic readings dampened rate cut optimism and because of losses in a major e-commerce and internet company and hawkish Fed comments.
- China's Shanghai Composite declined 2.07% on doubts over interest rate cuts by the Fed, flareup in China-Taiwan tensions and as the country's policy announcement to support property markets failed to lift sentiments.



DOMESTIC DEBT

Indicators	May 24, 2024	Previous Week	Trend
Call Rate	6.65%	5.50%	↑
3 M CP	7.70%	7.87%	↓
1 Yr CP	8.05%	8.05%	↔
3 M CD	7.15%	7.25%	↓
1 Yr CD	7.60%	7.65%	↓
5 Yr AAA	7.55%	7.57%	↓
1 Yr G-Sec*	7.00%	7.06%	↓
5 Yr G-Sec*	7.04%	7.09%	↓
10 Yr G-Sec*	7.00%	7.05%	↓
USD/INR*	83.09	83.33	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

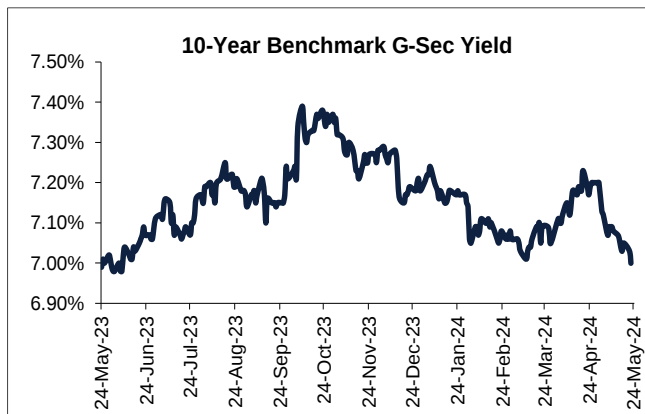
*Weighted Average Yield

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- Government security (G-sec) prices ended higher in the holiday-curtailed week ended May 24, 2024. The yield on the 10-year benchmark 7.10% 2034 paper closed lower at 7.00% vs 7.09% on May 17, 2024.
- G-sec prices rose after the RBI's record surplus transfer to the government, which is expected to aid the government's fiscal position.
- Further gains in bond prices halted owing to intermittent gains in the US Treasury yield.
- Meanwhile, at the debt sale held on May 24, 2024 the RBI auctioned new government security (GS) 2027, 7.23% GS 2039 and 7.46% GS 2073 for a total notified amount of Rs 29000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined this week after persistent strength in the labour market and business activity, supporting expectations that the Fed will take its time for trimming interest rates this year.
- Bond prices also declined after the Fed policy meet minutes revealed that officials earlier this month melded around the decision to hold interest rates higher for longer and "many" questioned whether policy was restrictive enough to bring inflation down to their target.

- The yield on the 10-year benchmark Treasury bond ended lower at 4.48% on May 23, 2024, compared with 4.42% on May 17, 2024.



DOMESTIC NEWS

- India HSBC flash manufacturing Purchasing Managers' Index (PMI) came in at 58.4 in May 2024, slowing from 58.8 in April 2024, while services PMI increased to 61.4 from 60.8 and composite PMI edged up to 61.7 from 61.5.
- RBI in its monthly bulletin said it bought net \$13.249 billion in the spot foreign exchange market in March, 2024.
- In the RBI bulletin, it was also said that India is likely to grow 7.5% in the first quarter of the current fiscal, driven by rising aggregate demand and non-food spending in the rural economy.
- RBI's State of the Economy report observed that any durable alignment of headline retail inflation with the target of 4% could recommence in the second half of this fiscal and sustain until numbers closer to the target are seen during the course of fiscal 2026.
- The GST Network (GSTN) has implemented a special procedure for manufacturers of pan masala, gutkha and similar tobacco products to register their machines with tax authorities.
- Finance Minister Nirmala Sitharaman said that the Indian consumer market is poised to double by 2031 and contribute 18% to global growth in the next five years.
- Finance Minister Nirmala Sitharaman said that the country needs to ramp up its manufacturing sector to increase its share in the global value chain and become 'Atmanirbhar'.
- Finance Minister Nirmala Sitharaman instructed the Bihar unit of the Institute of Chartered Accountants of India (ICAI) to set up an Indian auditing firm that will grow to feature among the Big Four and seek global clients.

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- RBI Deputy Governor M. Rajeshwar Rao sought transparent and non-discriminatory practices in recovery process at a meeting with representatives of Asset Reconstruction Companies (ARCs).
- The Securities and Exchange Board of India (SEBI) revamped the method for calculating the market capitalisation of listed companies under the Listing Obligations and Disclosure Requirements (LODR) rules.
- SEBI amended the rules governing Initial Public Offerings (IPOs) to facilitate ease of doing business.
- SEBI suggested changes to the framework of merchant banking regulations to make it more relevant in the current era.
- SEBI proposed measures to ease Environmental, Social and Governance (ESG) related disclosures by listed companies and their value-chain partners.
- SEBI also proposed relaxation of rules on valuation of investment portfolio of Alternative Investment Funds (AIFs).
- US Building permits fell by 3% to a seasonally adjusted annual rate of 1.440 million in April 2024, compared to 1.467 million in March 2024.
- US Chicago Fed National Activity Index fell to -0.23 in April 2024, the lowest in three months, compared to a downwardly revised -0.04 in March 2024.
- Eurozone annual inflation rate came at 2.4% in April 2024, the same as in March 2024, while annual core inflation rate eased to 2.7%, from 2.9%.
- Eurozone Consumer Confidence rose to -14.3 in May 2024, compared to -14.7 in April 2024.
- Eurozone HCOB flash Manufacturing PMI increased to 47.4 in May 2024, from 45.7 in April 2024, while services PMI was unchanged at 53.3 and composite PMI rose to 52.3, compared to 51.7.
- UK GfK Consumer Confidence indicator rose to -17 in May 2024, from -19 in April 2024.
- UK annual inflation rate eased to 2.3% in April 2024 compared to 3.2% in March 2024 while annual core inflation rate slowed to 3.9% from 4.2%.
- UK producer price index increased 1.1% on year in April 2024, accelerating from an upwardly revised 0.7% rise in March 2024, core producer prices was unchanged at 0.2%.
- The People's Bank of China kept key lending rates unchanged at the May 2024 meeting. The 1-year Loan Prime Rate (LPR) was maintained at 3.45% while 5-year rate was retained at 3.95%.
- Japan annual inflation rate eased to 2.5% in April 2024 compared to 2.7% in March 2024, while the core inflation rate eased to 2.2% from 2.6%.
- Japan Jibun Bank flash manufacturing PMI increased to 50.5 in May 2024, from 49.6 in April 2024, flash services PMI declined to 53.6 from 54.3 and flash composite PMI rose to 52.4 from 52.3.



GLOBAL NEWS

- US CB Leading Index declined to 0.6% on month in April 2024 compared to fall of 0.3% in March 2024.
- US Existing home sales declined 1.9% over-month to a seasonally adjusted annualized rate of 4.14 million units in April 2024, compared to an upwardly revised 4.22 million in March 2024.
- US S&P Global Manufacturing PMI went up to 50.9 in May 2024, from 50 in April 2024, while Services PMI surged to 54.8 from 51.3 and Composite PMI surged to 54.4 from 51.3.
- US Kansas Fed Manufacturing Index increased to -1 points in May 2024 from -13 points in April 2024, while Composite Index increased to -2 points from -8 points.

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DAY	EVENTS
Monday, May 27, 2024	- China Industrial Profits, April - Japan Coincident/Leading Economic Index March
Tuesday, May 28, 2024	- US S&P/Case-Shiller Home Price, March - US House Prices Index, March - US CB Consumer Confidence, May - US Dallas Fed Manufacturing Index, May
Wednesday, May 29, 2024	- US Richmond Fed Manufacturing Index, May - US Dallas Fed Services Index May - Japan Consumer Confidence, May
Thursday, May 30, 2024	- US GDP Growth Rate, Q1 - US Initial Jobless Claims, May 25 - US Core PCE Prices, Q1 - US PCE Prices, Q1 - US Pending Home Sales, April - Eurozone Unemployment rate, April - Eurozone Consumer Confidence, May - Eurozone Industrial Sentiments, May - Japan Unemployment rate, April
Friday, May 31, 2024	- US PCE Prices, April - Eurozone Inflation Rate, May - China NBS Manufacturing/Non-Manufacturing/General PMI, May - India Infrastructure Output April - India GDP Growth Rate, Q1 - India Foreign Exchange Reserves, May 24

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Source: CRISIL

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