

WEEKLY YIELD

Update of Equity & Debt Market

May 31, 2024

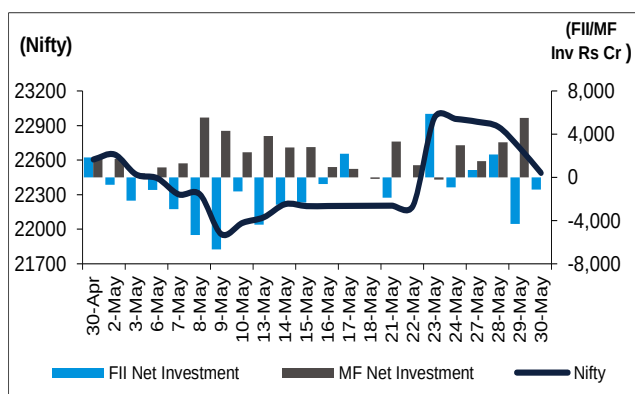


DOMESTIC EQUITY

- Indian equity snapped a two-week gain due to nervousness with regard to the outcome of the general elections and caution ahead of release of domestic growth data. The S&P BSE Sensex and the Nifty 50 fell 1.92% and 1.86%, respectively,
- More losses were seen on weak global cues amid fading hopes of early rate cuts by the US Federal Reserve (Fed) and geopolitical uncertainties.
- All sectors ended lower, with information technology, oil and gas, and auto falling the sharpest. S&P BSE IT, S&P BSE Oil & Gas and S&P BSE Auto fell 3.82%, 3.12% and 2.26%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	-1.92	2.02	18.11
Nifty 50	-1.86	2.49	21.56
S&P BSE Midcap	-1.53	8.91	58.13
S&P BSE Smallcap	-1.53	4.51	54.84
S&P BSE Bankex	-0.26	6.32	11.50
S&P BSE CG	-0.26	22.02	88.22
S&P BSE FMCG	-2.14	0.42	6.99
S&P BSE IT	-3.82	-13.57	13.13
S&P BSE Healthcare	-1.57	-0.54	47.33

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended lower this week after revised data indicated that the US economy grew less than expected in the first quarter.
- Britain's FTSE Index declined 1% on diminishing expectations of interest rate cuts across major economies and political uncertainty ahead of the general elections in the UK.
- Asian equities, too, ended lower. Japan's Nikkei Index fell 0.41%, mirroring the US markets and because of a rise in the Japanese government bond yields.
- Hong Kong's Hang Seng slumped 2.8% following weak Chinese manufacturing data, rise in the US treasury yields and concerns about China's property market.
- China's Shanghai Composite fell a slight 0.07% as initial gains during the start of the week on strong industrial profit data and the International Monetary Fund's growth upgrade was trimmed following weak manufacturing data and caution ahead of release of US inflation data.



DOMESTIC DEBT

Indicators	May 31, 2024	Previous Week	Trend
Call Rate	6.24%	6.65%	↓
3 M CP	7.70%	7.70%	↔
1 Yr CP	7.95%	8.05%	↓
3 M CD	7.13%	7.15%	↓
1 Yr CD	7.65%	7.60%	↑
5 Yr AAA	7.55%	7.55%	↔
1 Yr G-Sec*	7.01%	7.00%	↑
5 Yr G-Sec*	7.05%	7.04%	↑
10 Yr G-Sec*	6.99%	7.00%	↓
USD/INR*	83.46	83.09	↑

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

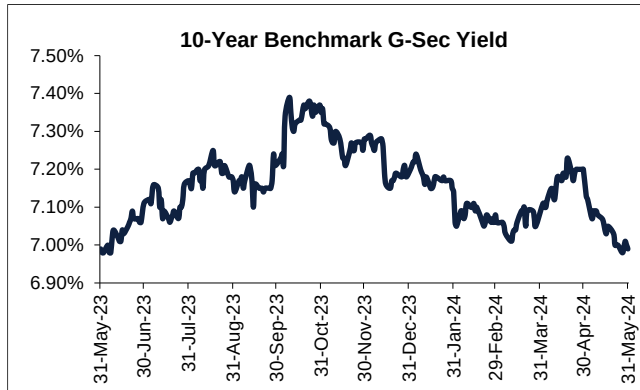
*Weighted Average Yield

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- Government bond prices ticked marginally higher in the week-ended May 31, 2024. The yield of the 10-year benchmark 7.10% 2034 paper closed lower at 6.98% on May 31, 2024, compared with 7.00% on May 24, 2024.
- Bond prices rose on optimism that the central bank's record surplus transfer to the government will improve the fiscal position. However, further gains in bond prices were truncated by intermittent gains in the US Treasury yields and profit booking at higher level.
- Meanwhile, in a debt sale held on May 31, 2024, the Reserve Bank of India (RBI) auctioned New GS (Government Security) 2029, New GOI SGrB (sovereign bonds) 2034, and 7.34% GS 2064 for a total notified amount of Rs 29,000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined this week following weak debt auction data and cautious comments from Fed officials over the rate cycle.
- Bond prices declined after Minneapolis Fed President, Neel Kashkari, said that the US central bank should wait for significant progress on inflation before cutting interest rates. He added that the Fed could potentially even raise rates if inflation fails to cool further.
- The unexpected rise in consumer confidence numbers also elevated yield. Further, gains in yield were halted, as weaker-than-expected growth data indicated that the Fed may cut rates this year.
- A rise in jobless claims also kept yields under pressure. US unemployment claims stood at 219,000 in the week ended May 25, 2024, an increase of 3,000 from the previous week's revised level of 216,000.
- The yield on the 10-year benchmark Treasury bond ended higher at 4.55% on May 31, 2024, compared to 4.47% on May 24, 2024.



DOMESTIC NEWS

- The Indian economy grew at 7.8% in the first quarter of 2024 (January-March 2024) compared with 8.4% growth in the previous quarter (October-December 2023).
- India's infrastructure output rose 6.2% in April 2024 vs an upwardly revised 6.0% increase in March 2024.
- The country's fiscal deficit stood at Rs 16.54 lakh crore in fiscal 2024 as against a budgetary target of Rs 17.86 lakh crore. With this, the fiscal gap reached 95.3% of the budgetary target.
- According to the Reserve Bank of India's (RBI) Annual Report, Real Gross Domestic Product (GDP) growth for fiscal 2025 was projected at 7.0%, with risks evenly balanced.
- S&P Global Ratings revised its outlook for the Indian economy to 'positive' from 'stable', and affirmed the overall rating at 'BBB-', citing robust growth and improved quality of government expenditure.
- The government directed telecom operators to block all incoming international spoof calls that display Indian mobile numbers.
- The Income Tax Department has notified the Cost Inflation Index for the current fiscal to calculate long-

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term capital gains from sale of immovable property, securities and jewellery.

- The government tightened the permissible wastage amount for gold, platinum and silver content in various categories of exports of jewellery items manufactured by mechanised or non-mechanised processes.
- The RBI directed full-fledged money changers to ensure that the value of foreign currency notes sold to the public should not be less than 75% of the value of such notes bought from other money changers on quarterly basis.
- The Central Bank, in its Annual Report, stated that several regulatory and supervisory measures will be taken in fiscal 2025 to further strengthen financial intermediaries.
- The RBI released final guidelines for setting up a self-regulatory organisation for the fintech sector as well.
- The Securities and Exchange Board of India (SEBI) reduced the staggered delivery period for commodity derivatives to 3 days from 5 days.
- SEBI mandated audio-visual format of disclosures to be made in the draft red herring prospectus, red herring prospectus and price band advertisement for main-board public issues.
- The market regulator also directed depository participants to take swift action and report any impersonification, usage of identity, trademark or logo to the National Cybercrime Reporting Portal.
- SEBI modified liquid assets that can be accepted by Clearing Corporations (CCs) and issued prudential norms for exposure of CCs.

- US Personal Consumption Expenditures (PCE) Prices increased to 3.30% in the first quarter of 2024 from 1.80% in the fourth quarter of 2023 while Core PCE Prices increased to 3.60% from 2%.
- US Dallas Fed Manufacturing Index decreased to -19.4 in May 2024, from -14.5 in the previous month.
- US CB Consumer Confidence rose by 102 points in May 2024 from 97 points in April 2024.
- US S&P CoreLogic Case-Shiller surged by 7.4% on year in March 2024 from 7.3% in the prior month.
- US house prices rose by 6.7% in March 2024 from the upwardly revised 7.1% increase in the previous month.
- Eurozone consumer inflation expectations rose to 12.5 in May 2024, compared to 11.6 in April 2024.
- Eurozone consumer confidence rose to -14.3 in May 2024, up from -14.7 in April 2024.
- UK Retail Sales decreased 2.7% on year in April 2024, compared to a 0.4% gain in March 2024.
- China's industrial firms profit remained unchanged at 4.3% on year in the first four months of 2024.
- China's official NBS Manufacturing Purchasing Managers' Index (PMI) declined to 49.5 in May 2024 from 50.4 in April 2024, while Non-Manufacturing PMI lowered to 51.1 in May 2024 from 51.2 and composite PMI dropped to 51.0 from 51.7.
- Japan Coincident Index rose to 113.6 in April 2024 from a final 111.5 in the previous month, while leading economic Index rose to 112.2, from an upwardly revised 112.1.
- Japan consumer confidence dropped to 36.2 in May 2024 from 38.3 in April 2024.



GLOBAL NEWS

- The US economy expanded an annualized 1.3% in Q1 2024, below 1.6% growth in the first advance estimate, compared to 3.4% growth in the previous quarter.

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DAY	EVENTS
Monday, Jun 3, 2024	- US S&P Global Manufacturing PMI, May - US ISM Manufacturing PMI, May - Eurozone HCOB Manufacturing PMI, May - UK S&P Global Manufacturing PMI, May - China Caixin Manufacturing PMI, May - Japan Jibun Bank Manufacturing PMI, May - India HSBC Manufacturing PMI, May
Tuesday, Jun 4, 2024	- US JOLTs Job Openings, April - India General Elections Results
Wednesday, Jun 5, 2024	- US ADP Employment Change, May - US S&P Global Composite/Services PMI, May - US ISM Services PMI, May - Eurozone HCOB Composite/Services PMI, May - UK S&P Global Composite/Services PMI, May - China Caixin Services/Composite PMI, May - Japan Jibun Bank Services/Composite PMI, May - India HSBC Composite/Services PMI, May
Thursday, Jun 6, 2024	- US Initial Jobless Claims, June 01 - Eurozone ECB Interest Rate Decision
Friday, Jun 7, 2024	- US Non-Farm Payrolls, May - US Unemployment Rate, May - Eurozone GDP Growth Rate, Q1 - UK Halifax House Price Index, May - India RBI Interest Rate Decision - India Foreign Exchange Reserves, May 31

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Source: CRISIL

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