

As On May 29, 2023

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Domestic Market

Indices	Today's Close		Previous Close	Absolute Change		% Change	
BSE SENSEX	62,846.38	▲	62,501.69	344.69	▲	0.55	▲
Nifty 50	18,598.65	▲	18,499.35	99.3	▲	0.54	▲
Nifty 500	15,772.35	▲	15,696.75	75.6	▲	0.48	▲
Nifty Next 50	41,925.30	▲	41,684.70	240.6	▲	0.58	▲
S&P BSE Mid-Cap	26,912.35	▲	26,803.15	109.2	▲	0.41	▲
BSE Smallcap	30,253.33	▲	30,162.66	90.67	▲	0.30	▲
India VIX Index	12.30	▲	11.90	0.4	▲	3.36	▲

\*Unchanged

## Domestic Market News

- ▣ The safety and soundness of the banking system relies critically on effective corporate governance which helps to build an environment of trust, long-term stability and business integrity of banks. Governance frameworks can be pictured as a complex mesh of nuts and bolts holding the financial pillars of capital, assets, deposits and investments in place and keeping the structure of the bank upright.
- ▣ Das highlighted the importance of public trust in the banking system, as exemplified in the recent bank failures in the United States, also needs to be appreciated. This was a classic case wherein public trust in certain banks evaporated suddenly. Further, in this digital age, it took only a few hours to transfer billions of dollars held as deposits in a bank to other institutions, leading to a severe liquidity crisis. The monitoring of information appearing in various media, including social media, has therefore become very important for any bank.
- ▣ The domestic banking sector stands out as strong and stable with CRAR at 16.1 per cent, Gross NPA at 4.41 per cent, Net NPA at 1.16 per cent and Provision Coverage Ratio at 73.20 per cent at the end of December 2022. In the last few years, the Reserve Bank has significantly strengthened regulation and supervision of the entire financial sector.

## International Market

Indices	Today's Close		Previous Close	Absolute Change		% Change	
Dow Jones	33,093.34	▲	32,761.35	331.987	▲	1.00	▲
Nasdaq	12,975.69	▲	12,692.02	283.669	▲	2.19	▲
FTSE 100	7,627.20	▲	7,570.45	56.749	▲	0.74	▲
Dax Index	15,952.73	▼	15,983.91	-31.179	▼	-0.20	▼
Shanghai Composite	3,221.45	▲	3,212.48	8.969	▲	0.28	▲
Hang Seng	18,551.11	▼	18,744.87	-193.765	▼	-1.04	▼
Nikkei	31,233.54	▲	30,913.05	320.485	▲	1.03	▲
Kospi	2,558.81	▲	2,554.68	4.127	▲	0.16	▲

\*Unchanged

## International Market News

- ⌘ A report released by the Commerce Department on Friday showed a continued surge in new orders for U.S. manufactured durable goods in the month of April. The Commerce Department said durable goods orders jumped by 1.1 percent in April after spiking by 3.3 percent in March. Orders for transportation equipment led the way higher once again, shooting up by 3.7 percent in April after soaring by 9.9 percent in March. The continued surge in orders for transportation equipment came as orders for defense aircraft and parts skyrocketed by 32.7 percent, offsetting an 8.3 percent pullback in orders for non-defense aircraft and parts.
- ⌘ US consumer sentiment deteriorated less than previously estimates in the month of May, according to revised data released by the University of Michigan on Friday. The report said the consumer sentiment index for May was upwardly revised to 59.2 from the preliminary estimate of 57.7. The consumer sentiment index is still down from 63.5 in April and at its lowest level since hitting 59.7 last December.
- ⌘ The US personal consumption expenditure or PCE rose 0.4% on month in April, pushing the annual rate to 4.4% from 4.2% previously. The Core PCE, the Fed's favorite inflation gauge, rose 0.4% on month and 4.7% on year.
- ⌘ The International Monetary Fund or the IMF has stated in a latest update that the U.S. economy has proven resilient in the face of the significant tightening of both fiscal and monetary policy that took place in 2022. Consumer demand has held up particularly well, boosted initially by a drawdown of pent-up savings and, more recently, by solid growth in real disposable incomes. Prime age labor force participation has risen above its pre-pandemic peak, the unemployment rate for women and African Americans has fallen to historical lows, and real wages have been rising faster than inflation since mid-2022. Growth of around 1.2 percent (on a q4/q4 basis) is expected for this year, modestly picking up momentum later in 2024. This slowing, but still-solid, growth is expected to be associated with unemployment rising slowly to close to 4½ percent by the end of 2024.

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## Debt Market

Indices	Today's Close	Previous Close	Absolute Change	% Change
TREP	6.34	6.35	-0.01	-0.12
3 Month CD	7.03	6.97	0.06	0.86
6 Month CD	7.23	7.17	0.05	0.70
1 year CD	7.45	7.45	Unch*	Unch*

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1 year CP	7.55	7.55	Unch*	Unch*
1 year T-Bill	6.90	6.89	0.01	0.15
1 year AAA (PSU)	7.45	7.41	0.04	0.54
5 year AAA (PSU)	7.45	7.44	0.01	0.13
10 year G-Sec	7.03	7.01	0.02	0.34

\*Unchanged

### Debt Market News

- Germany's 10-year government bond yields are down marginally around 2.44% as a decline from around three month high extended.
- The 10-year US treasury yield quotes flat around 3.80% right now.
- Current week is data heavy for India. Q1 GDP is due on Wednesday while Manufacturing PMI for May will be released on Thursday.
- India's gross domestic product growth could be above 7% for FY23, according to the Reserve Bank of India Governor Shaktikanta Das. According to media reports, Das noted at a CII event that there is also a possibility that GDP growth for the last financial year could be higher.
- The benchmark 10-year 7.26% G-sec 2033 bond yield continued to linger around 7% mark but are off one year low.

### Commodity

Commodity	Last	% Change
Gold (10 gm)	60,630.00	1.00 ▲
Crude Oil (Rs/barrel)	7,679.00	0.23 ▲

\*Unchanged

## Commodity News

- ⌘ The total number of active drilling rigs in the United States fell by 9 last week, according to new data from Baker Hughes published Friday, after falling by 11 previous week and 17 the week before that. The total rig count fell to 711 last week—16 rigs below this time last year. The current count is 364 fewer rigs than the rig count at the beginning of 2019, prior to the pandemic. The number of rigs fell by 5 last week to 570. Gas rigs fell by 4 to 137. Miscellaneous rigs stayed the same at 4.
- ⌘ COMEX gold futures contract was seen trading at \$1964 up \$19.9 or 1.02%. The MCX gold futures for June delivery were seen trading up Rs 177 or 0.30% at Rs 59530 per 10 grams.
- ⌘ Gold has staged an impressive comeback, soaring from a two-month low to kick start the week with a stunning surge of over \$20 per ounce. The upswing came on back of renewed buying frenzy and a vulnerable dollar. Last week, the price of gold experienced a significant decline, reaching its lowest point in a span of two months. The metal lost nearly \$50 falling to as low as \$1936 an ounce on Friday prompted by growing optimism surrounding the ongoing U.S. debt ceiling negotiations lowered safe-haven demand for bullion and robust economic data fueled bets of another rate hike by the Fed.

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## Currency Exchange Rates

Currency	Rate
USD/INR	82.55
EUR/INR	88.66
100JPY/INR	58.83
GBP/INR	102.04

## Currency News

- ⌘ The dollar index, which tracks the greenback against a basket of currencies of other major trading partners gained lofty 2.5% last week and was last seen trading at 104.07 down 0.07% today.
  - ⌘ In the previous reporting week, the overall reserves had increased by USD 3.5 billion to take the overall quantum just shy of USD 600 billion. In October 2021, the country's forex kitty had reached an all-time high of USD 645 billion.
  - ⌘ India's foreign exchange reserves dropped by USD 6.052 billion to USD 593.477 billion during the week ended May 19, RBI said on Friday. The drop in the kitty has snapped two consecutive weeks of increases.
  - ⌘ The INR currently quotes at 82.63 per US dollar, down 3 paise on the day.
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▣ The Indian Rupee saw tight moves as firm equities supported the broad sentiments.

## Global Interest Rates

Global Interest Rates	%
LIBOR 3 Months	5.48
US Treasury 2 Years	4.56
US Treasury 10 Years	3.80
Germany 10 year	2.43
Uk 10 Year	4.33
Japan 10 year	0.44

## FII Trends

FII Numbers	US (\$) million
FII Debt	49.55
FII Equity	216.35

## Liquidity

Liquidity	%
Repo	6.50
Reverse Repo	3.35
CRR	4.50
SLR	18.00

## Corporate Yields Matrix

Tenors	AAA	AA+	AA	AA-	A+	A	A-
3 Month CD	6.97	7.25	7.52	8.49	8.94	9.72	10.49

6 Month CD	7.31	7.59	7.86	8.83	9.28	10.06	10.83
1 Year	7.51	7.80	8.07	8.85	9.30	10.08	10.85
2 Year	7.58	7.90	8.18	8.65	9.10	9.87	10.65
3 Year	7.50	7.85	8.13	8.67	9.12	9.90	10.67
5 Year	7.55	7.94	8.19	8.67	9.12	9.90	10.67
7 Year	7.55	7.94	8.19	8.67	9.12	9.90	10.67
10 Year	7.63	8.02	8.30	8.84	9.29	10.06	10.84

### Investment Jargon

Call Swaption: A type of option between two parties that can be exercised on a swap where the buyer of the swap has the right, but not obligation, to receive an agreed upon fixed interest rate.

### Investment Mantra

If we command our wealth, we shall be rich and free. If our wealth commands us, we are poor indeed. –Edmund Burke

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