

In Focus: Yubi Daily Wrap

14 March, 2023

News update

Risk-off sentiment has escalated in the market as apprehension over US inflation data due today and potential fallout from SVB has grown. In last two days, global equities have collectively lost \$465 billion as investors are cutting exposure to lenders, as shown by the MSCI World and EM financials index. Asian markets were the heavy losers, erasing most of the YTD gains.

Interest rate risk (IRR) concerns have brought attention to Japanese lenders, who are heavy investors in US bonds. The banks' VaR increased to 2.3 trillion Yen in April- June 2022 compared to 1.2 trillion Yen in 2014. A mitigant here is that the foreign debt investment is significantly lower than the domestic securities investment. Additionally, BoJ has quoted that IRR is well-contained, at about 10% for big banks and 5% for the small regional banks.

In the aftermath of SVB collapse in the US, RBI is taking stock of impacts on Indian banks and NBFCs. RBI has asked the entities to furnish details of their equity exposure and deposits in SVB. In addition, the regulator is also gathering data on similar exposure of Indian non-bank entities. RBI's Financial Stability Report of December 2022 had indicated that even under severe stress scenarios – credit risk is manageable and that domestic banks would be able to comply with minimum capital requirements.

The Indian Banks Association (IBA) will meet next week a mechanism to support the start-up ecosystem in the country after the SVB fallout. Indian banks have less penetration in the Indian start-up ecosystem, and hence work on risk management, talent development, and funding pool to service start-up clients and increase their presence in this space for a meaningful business.

India's retail inflation slowed to 6.44% in February 2023, after jumping upto 6.5% in January 2023 – second consecutive month staying out of RBI's target range. The moderation was due to slowdown in the fuel segment, marginally offsetting the acceleration in food prices, especially for cereal and milk.

Major Events: Government to release WPI data, RBI to hold state government bond auctions.

Dr. Sudarshan Bhattacharjee (Principal Economist) Email: sudarshan.bhattacharjee@go-yubi.com

Important disclaimers and disclosures can be found on the last page of this publication



Equity indices	Current level	Previous close	Change %	One month ago
S&P500	3855.76	3918.32	-1.60	4137.29
Dow Jones	31819.14	32254.86	-1.35	34245.93
FTSE 100	7548.63	7879.98	-4.20	7947.60
Nikkei 225	27832.96	28143.97	-1.11	27427.32
Hang Seng	19695.97	19319.92	1.95	21164.42
Shanghai Composite	3268.70	3230.08	1.20	3284.16
Kospi 50	2410.60	2394.59	0.67	2452.70
Sensex	58237.85	59135.13	-1.52	61032.26
Nifty50	17154.30	17412.90	-1.49	17956.60

Govt yields	Current level	Previous close	Change %	One month ago
US 10-yr	3.69	3.70	-0.15	3.74
UK 10-yr	3.64	3.64	0.00	3.52
Japan 10-yr	0.33	0.40	-18.05	0.50
Germany 10-yr	2.50	2.50	0.00	2.43
India Govt 30-yr	7.44	7.50	-0.68	7.43
India Govt 10-yr	7.36	7.42	-0.80	7.37
India Govt 5-yr	7.24	7.40	-2.08	7.32



Corp yields: India	Current level	Previous close	Change %	One month ago
AAA 10-yr	7.78	7.83	-0.66	7.74
AAA 5-yr	7.71	7.84	-1.72	7.84
AAA 3-yr	7.78	7.90	-1.44	7.85
AAA 1-yr	7.92	8.02	-1.16	8.68

Global FX rates	Current level	Previous close	Change %	One month ago
DXY	103.83	103.60	0.23	103.35
EUR/USD	1.07	1.07	-0.09	1.07
GBP/USD	1.21	1.22	-0.48	1.21
USD/JPY	0.69	0.66	4.75	0.69
USD/INR	133.73	133.73	1.21	133.16
AUD/USD	6.86	6.85	0.10	6.86
USD/CNY	82.28	82.13	0.18	82.76
Gold (USD/oz)	1904.20	1913.70	-0.50	1854.31
Brent (USD/bbl)	79.22	80.43	-1.50	84.58



Money market India	Current level	Previous close
Call money rate	6.31	6.31
CBLO rate	6.23	6.26
Call traded volume (INR bn)	5074.78	-
Net banking system liquidity injection (+)/absorption(-) (INR bn)	-41.84	-
	T-bills	
91-days	6.90	6.87
182-days	7.23	7.22
364-days	7.24	7.24



Disclaimer

This report is issued solely by CredAvenue Private Limited (“Yubi”). Any information in this report should not be construed as an offer, invitation, solicitation, solution or advice of any kind to buy or sell any securities, financial products or services as may be offered by Yubi or any of its affiliate entity, unless specifically stated so. The contents of this report do not take into account your personal circumstances. Before entering into any transaction, you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction and should seek your own financial, business, legal, tax and other advice regarding the appropriateness of buying or selling any securities, financial products or services. Yubi or any of its affiliate entity, do not provide any financial advice, and is not your fiduciary or agent, in relation to the securities or any proposed transaction with you unless otherwise expressly agreed by us in writing. The information, opinions and material in this report (i) are derived from sources that Yubi believes to be reliable but the reliability or accuracy of which have not been independently verified (ii) are given as part of Yubi’s internal research activity and not as manager of or adviser in relation to any assets or investments and no consideration has been given to the particular needs of any recipient; and (iii) may contain forward looking statements, which may be materially affected by various risk, uncertainties and other factors. The opinions contained in such material, constitute the judgment of Yubi in relation to the matters which are the subject of such material as at the date of its publication, all of which are expressed without any responsibility on Yubi’s part and are subject to change without notice. Yubi has no duty to update this [document/report], the opinions, factual or analytical data contained herein. Yubi and/or its affiliates makes no representation as to the accuracy, completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. The recipient of the information should take necessary steps as they deem necessary prior to placing reliance upon it.

Nothing contained in this report, shall constitute or be deemed to constitute an offer to sell/purchase or as an invitation or solicitation to do so for any securities or financial products/ instruments of any entity. This report, is intended solely for an authorised personnel of Yubi and may contain proprietary, confidential or legally privileged information. No part of this report, may be copied, disseminated or redistributed by any recipient for any purpose without Yubi’s prior written consent. If the reader of this report, is not the intended recipient and has received this transmission in error, please immediately notify Yubi, Centre of Excellence, E-mail: sudarshan.bhattacharjee@go-yubi.com or by telephone at +91-9819429398 and delete this report, from your system. Please also note that Yubi and/or its affiliates, is unable to exercise control or ensure or guarantee the integrity of/over the contents of the information contained in report and / or attachments and that any views expressed in this report and/or attachments are not endorsed by/binding on Yubi.

Before opening any attachments, please check them for viruses and defects and please note that Yubi accepts no liability or responsibility for any damage caused by any virus that may be transmitted by this report and/ or attachments thereto.

