

In Focus: Yubi Daily Wrap

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News update

First Republic Bank, that plunged into a crisis of confidence as investors dumped its shares this week in the aftermath of SVB and Signature Bank fallout, has received a \$30 billion funding from 11 Wall Street banks, including JP Morgan, Bank of America, Citigroup, Wells Fargo to fend off a banking sector contagion. Shares of First Republic had fallen 70% during this week.

Banks borrowed a combined \$164.8 billion from two Federal Reserve liquidity backstops, a sign of escalated funding stress amidst deposit migration. An amount of \$152 billion was borrowed from the traditional liquidity window, higher than the prior spike in 2008 at \$111 billion. Meanwhile \$12 billion was borrowed from Bank Term Funding Program.

US Treasury volatility has jumped to the highest since 2008 crises, juggling 20 bps a day for six sessions – as bond traders remain alerted ahead of next week's pivotal Fed meeting. OIS is pricing in 80% probability of 25 bps rate hike, even as some are expecting a potential pause in rate hike.

The European Central Bank announced a further rate hike of 50 basis points, signalling it is ready to supply liquidity to banks if needed, amid recent turmoil in the banking sector. In February, preliminary data showed headline inflation of 8.5%, well above the central bank's target of 2%.

The Defence Acquisition Council (DAC) of India has approved Acceptance of Necessity (AoN) for capital acquisitions worth Rs 705 billion rupees. AoNs granted for capital acquisitions in the FY 2022–23 amount to over Rs 2.71 trillion. Out of these, 99% of the procurement will be sourced from Indian industries.

The Government of India is unlikely to roll back tax plan on high value life insurance it proposed in its FY 2023–24 budget, as it would impact only HNI and not the common population. The insurance companies had demanded to reconsider the move of scrapping the tax exemption on the total returns upon maturity of life insurance policies if their aggregate premium exceeded Rs 5 lakh.

Major Events: RBI governor's speech, RBI to release weekly foreign exchange reserves data

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Equity indices	Current level	Previous close	Change %	One month ago
S&P500	3960.28	3891.93	1.76	4147.60
Dow Jones	32246.55	31874.57	1.17	34128.05
FTSE 100	7410.03	7344.45	0.89	7997.83
Nikkei 225	27193.70	27010.61	0.68	27501.86
Hang Seng	19526.87	19203.91	1.68	20812.17
Shanghai Composite	3272.95	3226.89	1.43	3280.49
Kospi 50	2401.79	2377.91	1.00	2427.90
Sensex	57634.84	57555.90	0.14	61002.57
Nifty50	16985.60	16972.15	0.08	18035.85

Govt yields	Current level	Previous close	Change %	One month ago
US 10-yr	3.55	3.58	-0.63	3.74
UK 10-yr	3.42	3.32	3.16	3.52
Japan 10-yr	0.30	0.27	11.57	0.50
Germany 10-yr	2.29	2.29	0.00	2.43
India Govt 30-yr	7.42	7.44	-0.28	7.40
India Govt 10-yr	7.34	7.34	-0.10	7.37
India Govt 5-yr	7.25	7.26	-0.14	7.34



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	104.15	104.42	-0.26	103.86
EUR/USD	1.06	1.06	0.30	1.07
GBP/USD	1.21	1.21	0.29	1.20
USD/JPY	0.67	0.67	0.78	0.69
USD/INR	133.08	133.74	-0.49	134.15
AUD/USD	6.88	6.90	-0.32	6.87
USD/CNY	82.74	82.74	0.11	82.83
Gold (USD/oz)	1929.37	1919.52	0.51	1842.36
Brent (USD/bbl)	74.81	74.01	11.03	82.17



Money market India	Current level	Previous close
Call money rate	6.34	6.32
CBLO rate	6.29	6.61
Call traded volume (INR bn)	5440.66	4954.76
Net banking system liquidity injection (+)/absorption(-) (INR bn)	1107.72	497.96
	T-bills	
91-days	6.82	6.81
182-days	7.26	7.25
364-days	7.32	7.19



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