

In Focus: Yubi Daily Wrap

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News update

In a government brokered deal, UBS will acquire Credit Suisse for an all-share transaction, for CHF 3 billion (\$3.3 billion). The deal will trigger a complete write-down of about ~\$17 billion worth of AT-1 bonds to increase CS' core capital – increasing risk for banks with exposure to such bonds. As a part of the takeover, the Swiss Central Bank will offer a CHF 100 billion liquidity assistance and the Swiss government is granting CHF 9 billion guarantee to UBS for potential losses from assets it will take on.

US regulators are adopting a breakup solution for the Silicon Valley Bank – aiming to sell it in at least two parts after failing twice to find a suitable buyer from the bids received over the weekend. The bids are now scheduled end of this week.

New York Community Bank will buy a significant chunk of the failed Signature Bank in a \$2.7 billion deal, that includes the purchase of \$38.4 billion of its assets.

Six Central Banks (Fed, Bank of Canada, Bank of England, Bank of Japan, ECB and Swiss National Bank) announced coordinated action to boost the liquidity of US dollar swap arrangements ahead of the opening of Asian markets this week. Such an arrangement is provided when there is squeeze in the availability of dollars, as banks outside US have obligations in dollar whose availability tends to suffer in times of financial strain.

India will spend Rs 980 billion (\$12 billion) over the next two years on airports as resurgent travel demand has recently increased pressure on the existing infrastructure. This will boost the number of airports to 220 by 2025, from the existing 148.

India's forex reserves declined by about \$ 2.4 billion to \$ 560.003 billion in the week ending on March 10. Over the past 6 weeks, RBI has been selling the US dollar to reign in the Rupee volatility following collapses in US banking sector.

The OIS rates, primary instruments for hedging interest rate in India, have plummeted by around 34 bps since early March mirroring the decline in the 10-year US bond yield, which plunged close to 40 bps after the collapse of SVB. Currently, the 1Y OIS suggests that the RBI may raise the repo rate by 25 bps to 6.75%, with some traders even betting on a pause in rate hikes.

India's power consumption surged by 10% to 1375.57 billion units during April 2022-February 2023, surpassing the consumption level in the full fiscal last year (1374.02 billion units). Higher than normal temperatures are expected to keep the power demand up in the coming months.

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Equity indices	Current level	Previous close	Change %	One month ago
S&P500	3916.64	3960.28	-1.10	4079.09
Dow Jones	31861.98	32246.55	-1.19	33826.69
FTSE 100	7335.40	7410.03	-1.01	8014.31
Nikkei 225	26985.66	27333.79	-1.27	27531.94
Hang Seng	18982.58	19518.59	-2.75	20886.96
Shanghai Composite	3252.61	3250.55	0.06	3290.34
Kospi 50	2382.13	2377.91	0.18	2455.12
Sensex	57334.34	57989.90	-1.13	60691.54
Nifty50	16902.50	17100.05	-1.16	17844.60

Govt yields	Current level	Previous close	Change %	One month ago
US 10-yr	3.42	3.43	-0.22	3.74
UK 10-yr	3.28	3.28	0.00	3.52
Japan 10-yr	0.26	0.28	-9.51	0.50
Germany 10-yr	2.10	2.29	-8.01	2.43
India Govt 30-yr	7.41	7.42	-0.18	7.39
India Govt 10-yr	7.32	7.34	-0.33	7.37
India Govt 5-yr	7.17	7.23	-0.84	7.34



Corp yields: India	Current level	Previous close	Change %	One month ago
AAA 10-yr	7.85	7.84	0.13	7.79
AAA 5-yr	7.91	7.93	-0.26	7.78
AAA 3-yr	7.85	7.87	-0.26	7.79
AAA 1-yr	7.79	7.83	-0.53	7.87

Global FX rates	Current level	Previous close	Change %	One month ago
DXY	103.82	103.71	0.11	103.86
EUR/USD	1.07	1.07	0.02	1.07
GBP/USD	1.22	1.22	0.09	1.20
USD/JPY	0.67	0.67	-0.15	0.69
USD/INR	131.86	131.85	0.01	134.25
AUD/USD	6.90	6.89	0.22	6.86
USD/CNY	82.52	82.55	-0.03	82.73
Gold (USD/oz)	1974.55	1989.25	-0.74	1841.38
Brent (USD/bbl)	71.40	71.87	15.47	82.99



Money market India	Current level	Previous close
Call money rate	5.93	6.52
CBLO rate	6.16	6.61
Call traded volume (INR bn)	31.04	5440.66
Net banking system liquidity injection (+)/absorption(-) (INR bn)	1238.81	1107.72
	T-bills	
91-days	6.81	6.81
182-days	7.25	7.25
364-days	7.22	7.22



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