

In Focus: Yubi Daily Wrap

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News update

The US Federal Reserve raised the rates by 25 bps in the range of 4.75–5%. with no change to the projected terminal rate of 5.1%. The messaging shifted to 'additional policy firming' from 'ongoing increases' last time, suggesting the Fed now sees rates approaching a restrictive territory. However, Powell added no rate cuts are expected in 2023.

The US Treasury Department has indicated that it is not considering a blanket deposit insurance to stabilize the US banking system. A permanent change to FDIC's insurance cap of \$250,000 would require Congressional approval, but Treasury has access to a \$30 billion Exchange Stabilization Fund, that can possibly be tapped.

Another US regional bank, PacWest Group has moved to shore up liquidity as clients withdrew 20% of deposits. It has received a \$1.4 billion financing facility from an investment firm under Apollo global management.

Inflation in UK unexpectedly picked up to 10.4% in February vs 10.1% in January. Core inflation too increased to 6.2% this month from 5.8% in the previous month. This will keep the Bank of England steady on a 25-bps hike in the next meeting.

India's local currency bond market has recorded sales worth Rs 2.5 trillion in January to March quarter, which is highest when compared to the same quarter in all years since 2014. Bank rates have risen, and hence firms are increasingly borrowing through the bond market. In April–February 2023 period, bank credit increased by ~13%, while bond sales increased by 26.4%.

External accounts in India are witnessing slowing foreign inflows for both FDI and FII. Until January this fiscal, FDI dipped by 13% while FII sold equities worth \$6.1 billion owing to tightening global liquidity conditions, putting pressure on the rupee.

India spent around Rs 94,000 crore (\$11.4 billion) on overseas travel in April 2022–January 2023 period, a 122% jump over same period last year. Under RBI's Liberalised Remittances Scheme, amount spent on overseas travel was around \$5 billion.

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Equity indices	Current level	Previous close	Change %	One month ago
S&P500	3936.97	4002.87	-1.65	4012.32
Dow Jones	32030.11	32560.60	-1.63	33153.91
FTSE 100	7566.84	7536.22	0.41	7907.72
Nikkei 225	27375.60	27466.61	-0.33	27104.32
Hang Seng	19743.75	19591.43	0.78	20351.35
Shanghai Composite	3265.26	3265.75	-0.02	3287.48
Kospi 50	2418.90	2416.96	0.08	2439.09
Sensex	58157.49	58214.59	-0.10	59605.80
Nifty50	17137.00	17151.90	-0.09	17511.25

Govt yields	Current level	Previous close	Change %	One month ago
US 10-yr	3.44	3.36	2.36	3.88
UK 10-yr	3.45	3.45	0.00	3.59
Japan 10-yr	0.30	0.32	-6.50	0.50
Germany 10-yr	2.33	2.29	1.62	2.48
India Govt 30-yr	7.40	7.39	-0.93	7.38
India Govt 10-yr	7.32	7.33	-2.03	7.37
India Govt 5-yr	7.19	7.23	-0.82	7.38



Corp yields: India	Current level	Previous close	Change %	One month ago
AAA 10-yr	7.84	7.83	0.13	7.81
AAA 5-yr	7.93	7.90	0.39	7.84
AAA 3-yr	7.84	7.79	0.53	7.85
AAA 1-yr	7.80	7.78	0.27	7.25

	Current level	Previous close	Change %	One month ago
DXY	102.16	102.35	-0.19	104.59
EUR/USD	1.09	1.09	0.44	1.06
GBP/USD	1.23	1.23	0.44	1.20
AUD/USD	0.67	0.67	0.36	0.68
USD/JPY	130.73	131.44	-0.54	134.84
USD/CNY	6.82	6.88	-0.87	6.89
USD/INR	82.25	82.67	-0.51	82.86
Gold (USD/oz)	1977.85	1970.11	0.39	1825.39
Brent (USD/bbl)	75.35	75.14	6.08	79.71



Money market India	Current level	Previous close
Call money rate	6.65	6.68
CBLO rate	6.65	6.67
Call traded volume (INR bn)	5103.25	5310.80
Net banking system liquidity injection (+)/absorption(-) (INR bn)	1130.02	790.78
	T-bills	
91-days	6.75	6.78
182-days	7.22	7.23
364-days	7.19	7.21



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