

## In Focus: Yubi Daily Wrap

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### News update

First Citizens Bank and Trust has bought Silicon Valley Bank from the Federal Deposit Insurance Corporation. The transaction included purchase of about \$72 billion of SVB's assets at a discount of \$16.5 billion, and the cost of SVB failure to FDIC is estimated at around \$20 billion.

South Korea is expected to overtake China in chip machine spending by the next year, as increasing US curbs make it difficult for China to source crucial chip making equipment.

Chinese industrial profits declined by about 22% in January-February 2023 compared to same period in the last year, even though its industrial output showed a rebound recently – indicating a slow recovery in the market demand and inability of firms to pass on higher costs to end-consumer.

Sri Lanka is liaising with India for a billion US dollar equivalent Indian rupee central bank swap to facilitate trade as well as set up VOSTRO accounts for Sri Lankan banks. This is also prompted by India's efforts to increase Rupee adoptability in other countries for external trade.

The Indian Finance Ministry has directed the state-run lender banks to check for any contagion impacts from SVB and Signature Bank's stresses by identifying adverse exposures and concentration risks. They've also been directed to take focused steps to attract deposits and increase credit offtake in states with lower penetration.

Favourable trade trends are expected to narrow India's current account deficit, as trade deficit has continually improved, and service exports remain robust. This will also positively impact the Rupee, lifting pressure off the RBI to conduct dollar sales and reducing dependence on foreign flows.

India is exploring the option of building a strategic reserve for LNG to tackle supply shortages in future, after limiting its imports amidst high prices in 2022. Being an important fuel in energy mix, contracts are also being renegotiated to secure long term supply deals.

High real interest rates have shot up the borrowing costs for industrial sector in India as inflation adjusted rates climbed up to 6.5% in February 2023, from -4.1% in April 2022. This was primarily due to a drop in WPI as supply bottlenecks eased, and quick rate hikes by RBI that had turned restrictive in December 2022.

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Equity indices	Current level	Previous close	Change %	One month ago
S&P500	3970.99	3948.72	0.56	3982.24
Dow Jones	32237.53	32105.25	0.41	32889.09
FTSE 100	7405.45	7499.60	-1.26	7935.11
Nikkei 225	27513.87	27385.25	0.47	27423.96
Hang Seng	19736.97	19915.68	-0.90	19943.51
Shanghai Composite	3231.28	3265.65	-1.05	3258.03
Kospi 50	2410.88	2414.96	-0.17	2402.64
<b>Sensex</b>	<b>57566.90</b>	<b>57527.10</b>	<b>0.07</b>	<b>59288.35</b>
<b>Nifty50</b>	<b>16984.30</b>	<b>16945.05</b>	<b>0.23</b>	<b>17392.70</b>

Govt yields	Current level	Previous close	Change %	One month ago
US 10-yr	3.37	3.38	-0.22	3.91
UK 10-yr	3.28	3.28	0.00	3.80
Japan 10-yr	0.28	0.28	0.36	0.50
Germany 10-yr	2.12	2.12	0.00	2.58
<b>India Govt 30-yr</b>	<b>7.40</b>	<b>7.38</b>	<b>0.26</b>	<b>7.42</b>
<b>India Govt 10-yr</b>	<b>7.31</b>	<b>7.33</b>	<b>-0.29</b>	<b>7.42</b>
<b>India Govt 5-yr</b>	<b>7.17</b>	<b>7.21</b>	<b>-0.54</b>	<b>7.42</b>



<b>Corp yields: India</b>	<b>Current level</b>	<b>Previous close</b>	<b>Change %</b>	<b>One month ago</b>
AAA 10-yr	7.82	7.83	-0.13	7.86
AAA 5-yr	7.86	7.91	-0.66	7.90
AAA 3-yr	7.78	7.80	-0.27	7.89
AAA 1-yr	7.76	7.80	-0.53	7.31

	<b>Current level</b>	<b>Previous close</b>	<b>Change %</b>	<b>One month ago</b>
DXY	102.98	103.12	-0.13	104.67
EUR/USD	1.08	1.08	0.09	1.06
GBP/USD	1.22	1.22	0.10	1.21
AUD/USD	0.67	0.67	0.00	0.72
USD/JPY	130.61	130.73	-0.09	136.19
USD/CNY	6.82	6.85	-0.32	6.33
<b>USD/INR</b>	<b>82.34</b>	<b>82.48</b>	<b>-0.17</b>	<b>82.85</b>
Gold (USD/oz)	1974.72	1978.21	-0.18	1818.65
Brent (USD/bbl)	74.05	74.01	0.05	81.86



<b>Money market India</b>	<b>Current level</b>	<b>Previous close</b>
Call money rate	6.54	6.61
CBLO rate	6.26	6.65
Call traded volume (INR bn)	4973.57	5011.10
Net banking system liquidity injection (+)/absorption(-) (INR bn)	778.94	449.16
	<b>T-bills</b>	
91-days	6.73	6.76
182-days	7.22	7.20
364-days	7.18	7.18



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