

## In Focus: Yubi Daily Wrap

28 March, 2023

### News update

The US authorities are mulling over expanding the emergency lending facility for banks, to support and buy time for First Republic bank to shore up its balance sheets. Authorities have also concluded that the bank has sufficient to meet the client cash demand in the interim.

A combination of easing banking sector fears and a tepid demand for 2Y treasury bonds in US sent the yields higher, compared to the lows witnessed during the month amidst several bank collapses. Meanwhile, a smaller rise in the long-term yields is flattening the curve in longer end.

Indian states have announced a heavy borrowing plan in the fag end of the fiscal year, marginally pushing up the yields on bonds. The states plan to raise at least Rs 407.14 billion (\$4.94 billion) through the sale of bonds in this week, which is 70% higher than the planned amount and highest ever by states in a single auction.

Indian companies issued Rs 346 billion worth of local currency bonds last week through private placements, with biggest issuance in the diversified financial services segment followed by beverages.

The Indian government is not foreseeing the requirement to infuse funds into the PSBs, as the banks are well-capitalized and can raise money from market. In the last 5 years, government has spent close to \$35 billion to recapitalize the state-run banks.

S&P has retained India's economic forecasts, projecting the GDP to grow by 6% in FY 2023-24, with forecast for current FY 2022-23 at 7%. Meanwhile, the inflation is expected to ease to 5% this fiscal, but with upside risks from weather.

**Major Events:** RBI to hold state government bond auctions.

**Nupur Tandon (Economist) Email:** [nupur.tandon@go-yubi.com](mailto:nupur.tandon@go-yubi.com)

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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>57653.86</b>	<b>57527.10</b>	<b>0.22</b>	<b>58962.12</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>7.38</b>	<b>7.38</b>	<b>0.05</b>	<b>7.45</b>
<b>India Govt 10-yr</b>	<b>7.30</b>	<b>7.31</b>	<b>-0.14</b>	<b>7.43</b>
<b>India Govt 5-yr</b>	<b>7.16</b>	<b>7.15</b>	<b>0.20</b>	<b>7.43</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	7.80	7.82	-0.27	7.86
AAA 5-yr	7.87	7.86	0.13	7.90
AAA 3-yr	7.77	7.78	-0.13	7.89
AAA 1-yr	7.79	7.76	0.40	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>82.37</b>	<b>82.37</b>	<b>0.00</b>	<b>82.67</b>
Gold (USD/oz)	1960.07	1956.67	0.17	1826.92
Brent (USD/bbl)	76.82	77.05	-0.30	82.46



<b>Money market India</b>	<b>Current level</b>	<b>Previous close</b>
Call money rate	6.54	6.61
CBLO rate	6.70	6.26
Call traded volume (INR bn)	5113.62	4973.57
Net banking system liquidity injection (+)/absorption(-) (INR bn)	455.75	778.94
	<b>T-bills</b>	
91-days	6.75	6.78
182-days	7.20	7.18
364-days	7.19	7.17



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