

Weekly Newsletter

January 15, 2024

Indian Markets

- The Indian Markets ended in the green over the week, with Sensex and Nifty 50 gaining 0.75% and 0.85% respectively. Nifty Next 50 and Smallcaps also gained 0.82% and 1.18% each, while Midcaps gained only 0.25% over the week.
- IT (4.79%), Realty (4.35%), and Infrastructure (2.21%) were the major gainers while Bank (-0.93%), Financial Services (-0.99%) and FMCG (-2.05%) were the major laggards.
- Hero Motocorp (9.85%), HCL Technologies (7.54%) and Infosys (5.23%) were the major gainers while Divi's Laboratories (-3.26%), Bajaj Finserv (-3.35%) and Nestle India (-4.38%) were the major laggards.
- The 1-year forward PE moved down to 22.91 while the VIX rose by 3.7% over the week, indicating a cautious outlook in the market.
- FII's were net buyers during the month and were net buyers on a YTD basis as well; however, DII's turned net sellers on a YTD basis despite being net buyers in a month.

Global Markets

- The Global markets saw a mixed move over the week, with NIKKEI and NASDAQ gaining 6.6% and 3% respectively, while Shanghai and Hang Seng lost 1.6% and 1.7% each.

Commodities, Currency, and Bond Yields

- Commodities ended primarily in red over the week, with Brent being the only major asset class to end in the green, up 1.3%. On the other hand, Copper and Silver lost 1.2% and 1.1% respectively over the same period.
- The US Dollar lost 0.3% against the Indian Rupee over the week, while it gained 0.4% against the Japanese Yen and 0.3% against the Chinese Yuan.
- The Indian G-Sec and US G0Sec yields remained relatively flat

Weekly Sectoral Gainers

Sectors	Today CMP	Daily %	Weekly %
IT	36522	5.14%	4.79%
Realty	881	1.80%	4.35%
Infrastructure	7581	0.79%	2.21%

Weekly Nifty 50 Stock Gainers

Stocks	Today CMP	Daily %	Weekly %
Hero Motocorp	4383	0.94%	9.85%
HCL Technologies	1541	3.77%	7.54%
Infosys	1613	7.93%	5.23%

Weekly Sectoral Losers

Sectors	Today CMP	Daily %	Weekly %
Bank	47710	0.57%	-0.93%
Financial Services	21301	0.24%	-0.99%
FMCG	56486	0.46%	-2.05%

Weekly Nifty 50 Stock Losers

Stocks	Today CMP	Daily %	Weekly %
Divi's Laboratories	3884	-0.54%	-3.26%
Bajaj Finserv	1652	-1.02%	-3.35%
Nestle India	2550	-0.30%	-4.38%

Indices	Today	Daily %	Weekly %
SENSEX	72568	1.18%	0.75%
Nifty 50	21895	1.14%	0.85%
Nifty Next 50	54743	0.27%	0.82%
NIFTY Midcap 100	47513	0.37%	0.25%
NIFTY Smallcap 250	14553	0.37%	1.18%
India VIX	13.10	2.60%	3.72%

NIFTY 50			
Period	1 Year Fwd PE	Dividend Yield	PB Ratio
Current	22.91	2.50%	3.07
Week Ago	23.16	2.49%	3.07
Month Ago	22.99	2.52%	3.03
Year Ago	19.07	1.54%	2.84

FII Inflow/Outflow in Cash Market

	Today	1 Month Flow	YTD Flow
FII	-1650.8	18740.8	2768.4
DII	16.1	82.2	-87.4

Figs. in ₹ Cr, data as of 11th January

Global Indices	Today	Daily %	Weekly %
DOW JONES	37711	0.04%	0.65%
NASDAQ	14970	0.00%	3.07%
DAX	16683	0.82%	0.54%
FTSE 100	7628	0.67%	-0.80%
NIKKEI 225	35577	1.50%	6.59%
Shanghai Comp	2882	-0.16%	-1.61%
Hang Seng	16245	-0.35%	-1.76%

Source: Bloomberg; As on 4:30 pm IST
NASDAQ and DJI data for T-1 closing

Commodities	Today	Daily %	Weekly %
GOLD (\$/OZ)	2040	0.55%	-0.26%
SILVER (\$/Oz)	23	0.84%	-1.08%
Steel (\$/Ton)	575	2.00%	0.00%
COPPER (\$/Ton)	8262	-0.08%	-1.18%
ALUMINIUM (\$/Ton)	2203	-0.05%	-0.56%
BRENT (\$/Bbl)	80	3.01%	1.26%

Bond yields	Today	Week Ago	Month Ago
India G-Sec 10 Yr	7.176%	7.235%	7.190%
US G-Sec 10 Yr	3.975%	4.046%	3.888%

Macro Sweep:

- India CPI inflation rose to 5.69% on expected lines, with monthly declines in food prices offset by a low base. Core inflation came below 4%. IIP slowed to 2.4% on expected lines, with festival related holiday effects, but data for October and November together indicated steady growth. The numbers indicate that both growth and disinflation remain on track.
- US CPI inflation came in higher than expected, with jobless claims also coming in strong, while PPI inflation was negative over the month. Markets made light of the stronger data given Fed comments downplaying these, and boosted expectations of aggressive rate cuts in 2024 - despite the same Fed comments uncertain on whether this could be achieved.
- Eurozone data were mixed, with stronger confidence reflected in better French consumption and industrial production, as well as in record low unemployment, but dire prints for German factory orders and output. ECB speakers were divided, with some speaking of 50 bps cuts and others warning that cuts were some distance away.
- UK data showed pickup in monthly GDP growth through services, but demand as seen in imports was weak. BOE speakers pushed back against rate cut expectations, with governor Bailey saying that higher household incomes mitigated effects of higher rates.
- China inflation remained in contraction and aggregate financing came in weaker than expected, though pickup in exports offered another sign of potential bottoming out. The PBOC surprised by holding today.
- Soft Japanese labour earnings and Tokyo inflation pushed back on BOJ rate hike pricing for Jan.

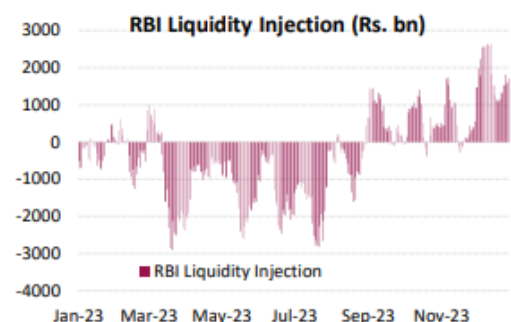
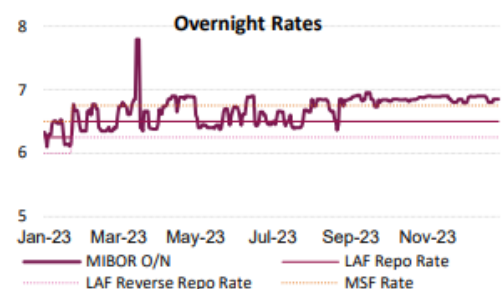
Trade Highlights

- DM yields came lower as markets boosted expectations of Fed rate cuts, with flows to EMs also bringing yields lower there
- Falling US rate expectations kept the USD under pressure through the week, with moves higher reversed sharply. EMFX also strengthened.
- Gold and silver prices rose with the lower USD, while copper was mixed. Crude oil was higher on violence in the Red Sea.
- Spot INR came off highs midweek, with strong supply to below 83.00 in line with lower Fed rate expectations - bringing chatter of RBI buy side intervention. India rates came lower in the week with global trends.

Week Ahead

- India WPI inflation and trade deficit are watched in the week, with behaviour of INR and equity markets also in focus.
- US retail sales, industrial production, housing starts, building permits, jobless claims, and University of Michigan consumer confidence prints are watched, along with the intensity of Fed comments pushing back on rate cuts.
- Eurozone ZEW confidence, industrial production and final CPI inflation, as well as German CPI and confidence prints, and comments from ECB speakers ahead of the ECB meet are watched.
- UK data on labour markets, inflation, and retail sales are watched on the day, with recovery in earnings potentially pushing back on rate cut pricing.
- Chinese GDP and activity data, as well as potential easing steps are watched for in the week ahead.
- Japanese CPI inflation, industrial production and machinery orders are watched ahead of the Jan BOJ meet.

MIBOR O/N %	6.85
3M Certificate of Deposit %	7.51
3M Commercial Paper %	8.38
INR OIS 1 Year %	6.64
INR OIS 5 Year %	6.20
7.26% GOI 2033 %	7.18
INR 10 yr. AAA Corp Bond %	7.60
USD/INR	82.92
USD/INR 3M Forward %	1.52
CNX Nifty	21894.55
India Crude Basket (USD/bbl)	78.10
MIFOR 5 Years %	6.75
ICE Dollar Index	102.40
EUR/USD	1.0951
USD/JPY	144.88
US 10 year Treasury %	3.94
USD 3m SOFR %	5.32
Reuters/Jefferies CRB YoY%	- 0.03
ICE Brent Crude (USD/bbl)	78.29



Markets Data				
Particulars	12-Jan-24	8-Jan-24	11-Dec-23	12-Jan-23
	Friday	1 Week Ago	1 Month Ago	1 Year Ago
Money Markets				
MIBOR O/N (%)	6.85	6.85	6.85	6.09
MIBOR 14 D (%)	7.00	7.01	6.99	6.38
1M T-Bill Yield (%)	6.85	6.82	6.86	6.13
3M T-Bill Yield (%)	6.94	6.94	6.95	6.38
6M T-Bill Yield (%)	7.13	7.10	7.15	6.70
12M T-Bill Yield (%)	7.13	7.12	7.15	6.86
1M CD Yield (%)	7.01	7.03	7.39	6.51
3M CD Yield (%)	7.51	7.23	7.44	7.08
6M CD Yield (%)	7.60	7.54	7.77	7.32
12M CD Yield (%)	7.89	7.85	7.90	7.66
3M CP Yield (%)	8.38	8.40	8.05	7.35
3M T-Bill-OIS Spread (%)	0.13	0.13	0.09	-0.18
3M CD-OIS Spread (%)	0.69	0.42	0.58	0.52
12M T-Bill-OIS Spread (%)	0.50	0.46	0.28	0.24
12M CD-OIS Spread (%)	1.26	1.19	1.03	1.04
3M CD-T-Bill Spread (%)	0.57	0.29	0.49	0.70
12M CD-T-Bill Spread (%)	0.76	0.73	0.75	0.80
3M CP-CD Spread (%)	0.87	1.17	0.61	0.27
7 Day Term Repo (%)	0.00	0.00	0.00	0.00
14 Day Term Repo (%)	6.49	6.49	6.49	6.24
Net India banking system liquidity (Rs. Bn)	1383	1051	278	760
Net overnight liquidity	566	573	236	1479
Net VRR	938	599	163	149
Net LTRO/TLTRO	(121)	(121)	(121)	(867)
CRR imbalance	219	(48)	212	135
Fed Funds Rate Effective (%)	5.33	5.33	5.33	4.33
EONIA O/N (%)	3.91	3.90	3.90	1.90
SONIA O/N (%)	5.19	5.19	5.19	3.43
SHIBOR O/N (%)	1.68	1.59	1.76	1.47
USD 3M SOFR (%)	5.32	5.33	5.38	4.66
USD 6M SOFR (%)	5.15	5.18	5.33	4.82
3M US TED Spread (%)	0.27	0.28	0.31	0.22
3M US LIBOR-OIS Spread (%)	0.28	0.26	0.28	0.20
Fixed Income				
INR 1Y OIS Onshore (%)	6.64	6.66	6.87	6.62
INR 5Y OIS Onshore (%)	6.20	6.26	6.50	6.26
India 10 year Benchmark Yield (%)	7.18	7.20	7.28	7.29
AAA 5 Year Corporate Yield (%)	7.58	7.60	7.84	7.56
AAA 10 Year Corporate Yield (%)	7.60	7.63	7.72	7.62
10 year AAA-G-Sec Spread (%)	0.42	0.43	0.44	0.34
10 Year Benchmark US Treasury Yield (%)	3.94	4.03	4.23	3.44
10 Year Benchmark German Bund Yield (%)	2.18	2.14	2.27	2.15
10 Year Benchmark UK Gilt Yield (%)	3.79	3.77	4.07	3.33
MOVE Index	106.51	117.72	126.66	112.34
CDX Investment grade (NA 5Y)	16.48	18.56	9.50	38.58
Sovx Western Europe CDS	55.00	55.00	54.00	103.12
SBI CDS 5Y	301.23	295.00	278.19	204.11
ICICI CDS 5Y	316.30	299.96	310.78	242.26
US 5 year infl breakeven 5 years hence	2.29	2.22	2.26	2.18
Foreign Exchange				
ICE Dollar Index	102.55	104.10	105.63	104.56
Bloomberg Asian Dollar Index	3214.24	3245.01	3259.96	3247.98
USD/INR	83.00	83.39	83.33	82.76
EUR/USD	1.09	1.08	1.07	1.06
USD/JPY	142.15	146.16	151.72	137.78

Source: Axis Bank Business Economic Research, Bloomberg

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