

Monthly Highlights September 2023

A lack of positive catalysts leads to a risk-off sentiment

Macro: Major central banks signal higher for longer rates

US Fed leaves rates unchanged (5.25 - 5.50%)



Signals **one more rate hike** before year end.

Rate cut expectations **pushed back to 2H2024**

Markets: Rate uncertainty triggers market volatility

US equities suffer biggest drop in recent months



Concerns over **higher rates**

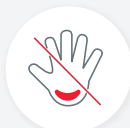


Possibility of **US government shutdown**



Worries over impact of **auto strike**

Crude oil prices on track to hit USD 100 per barrel



OPEC's supply cuts and Russian ban on fuel exports **push up prices**



Increasing oil prices may rekindle inflationary pressures

India gets green light to join JP Morgan bond index



Reforms hasten inclusion of India local bonds from **June 2024**

Potential for foreign portfolio inflows of about **USD 20-25bn**

India is expected to reach a **10% weight** in the GBI-EM GD¹ index

Bank of Japan sticks to ultra-loose interest rates



Yen slides towards the 150-dollar level



as interest differential stays wide

August core inflation at



the 17th month it is above BoJ's 2% target

Asian currencies continue to come under pressure

USD strength supported by **US economic outperformance**



Risk of a China hard landing **keeps Asian currencies defensive**



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