

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.32	6
US 2Y*	4.67	2
Germany 10Y	2.44	1
UK 10Y	4.17	8
Japan 10Y	0.68	4

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.26	2
7.18% GS 2033* (10Y)	7.28	3
7.18% GS 2037*	7.40	2
91-day T-bill	6.96	0
182-day T-bill	7.16	0
364-day T-bill	7.15	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	8	57	46	51
AA	72	122	111	116
A	261	312	302	308

Source: FIMMDA, as on 29 Nov, 2023

Key rates:

Policy	Rate (in %)
Repo rate	6.50
Standing Deposit Facility Rate	6.25
Bank rate	6.75
1-year median MCLR of SCBs	8.70
SOFR	5.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	111.15	6.78
Triparty Repo	3,510.36	6.76
Market Repo	1,403.45	6.78
Repo in corporate bond	3.00	7.00

Source: RBI, as of 30 Nov, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	66,988	0.1
NIFTY	20,133	0.2
NASDAQ	14,226	-0.2
S&P 500	4,568	0.4
Nikkei 225	33,523	0.6
Euro Stoxx 50	4,382	0.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.8	-0.3
Natural gas Nymex (USD/MMBtu)	2.8	0.4
Gold Comex (USD/t oz.)	2,060.4	-0.3
Copper Comex (USD/lb)	385.8	0.4
Wheat cbot (USD/bu.)	598.0	1.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.39	0.1
GBP/ INR	105.35	-0.4
EUR/ INR	90.79	-0.7
EUR/USD	1.09	-0.6
DX Index	103.35	0.5

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

Mfg. PMI Nov'23: Japan, China, Eurozone, UK, USA; **IIP Oct'23:** Brazil; **GDP Q3CY23:** Hungary, Italy.

News:

International:

OPEC+ decided to deepen voluntary oil output cuts (Source: Bloomberg, Reuters): OPEC+ members agreed to voluntary oil supply cuts totalling 2.2 mbpd for early next year. While Saudi Arabia mentioned it will taper its 1 mbpd voluntary cut starting from Apr'23, Russia said it will extend its 0.5 mbpd cut until end of Q1CY24.

Manufacturing contracts further in Japan while it expands in China (Source: S&P Global):

- China's Caixin manufacturing PMI moved to expansionary territory, printing 50.7 in Nov'23 (Oct'23: 49.5) signalling a fresh improvement in manufacturing conditions helped by sustained rise in new orders
- Japan's manufacturing PMI was slightly lower at 48.3 in Nov'23 from 48.7 in Oct'23 amid stronger reductions in output and new orders

US core PCE inflation slows in Oct'23 (Source: BEA): Inflation in US, as measured by PCE, rose by 3.0% y/y in Oct'23, lower than 3.4% y/y seen in Sep'23. The y/y inflation is driven by increase in prices of services (4.4%), against the backdrop of higher costs for services like housing. However, goods (0.2%) saw some moderation. Further, energy prices decreased 4.8%. Core PCE, increased by 3.5% y/y meeting estimates.

US Fed officials expressed views on rate hikes (Source: Forexlive):

- Mr. Williams observed that it will be appropriate to maintain restrictive stance for some time to restore balance and bring inflation under control
- Ms. Yellen mentioned that further tightening of monetary policy is not needed and expressed optimism for soft economic landing
- Ms. Daly said that economy needs to cool down and it's still too early to know if Fed is done with further rate hikes

Eurozone Nov'23 inflation falls further (Source: Reuters): Eurozone CPI fell to 2.4% y/y in Nov'23 (forecast: 2.7%; Oct'23: 2.9%). Food, alcohol, and tobacco is expected to have highest annual rate in Nov'23 (6.95 y/y) followed by services (4.0 y/y).

Canada's economy shrank while Turkey saw expansion in Q3CY23 (Source: Reuters, Bloomberg):

- The Q3CY23 GDP of Turkey expanded by a more than expected 5.9% y/y (forecast: 5.6%) driven by household spending
- Canadian economy unexpectedly contracted by 1.1% y/y in Q3CY23 avoiding a recession but showing growth stumbling (forecast: +0.2%)

Domestic:

Q2FY24 GDP grew faster than expected (Source: PIB, Reuters):

- Real GDP grew at much faster pace than expected by 7.6% y/y in Q2FY24, (forecast: ~7%). Nominal GDP grew by 9.1% y/y
- In real expenditure terms, PFCE, GFCE and GFCF increased by 3.1%, 12.3%, and 11.0% y/y respectively. The share of GFCF in GDP remained high at 35.3%, indicating government capex push
- In real GVA terms, agriculture and allied activities increased by 1.2% y/y, industry sector increased by 13.5% y/y and services increased by 6.8% y/y. Construction and utility sub-sectors were the standout performers.

Eight core industries index growth quickens in Oct'23 (Source: PIB): The index grew by 12.1% y/y in Oct'23, higher as compared to 8.1% in Sep'23. Highest growth was seen in electricity (20.3% y/y), coal (18.4% y/y), and cement (17.1% y/y), while crude oil saw an increase by 1.3% in Oct'23 against decline of 0.4% in Sep'23.

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Union fiscal deficit at 45% of FY24BE as on Oct'23 (Source: CGA): The fiscal deficit for 7MFY24 rose to Rs. 8.04 trn (45% of FY24BE) as compared to Rs. 7.57 trn observed in 7MFY23. This was as,

- Total receipts for 7MFY24 stood at Rs. 15.9 trn or 58.6% of FY24BE
 - Gross tax revenues were up 14% y/y in 7MFY24 due to stronger corporation tax and personal tax collections, partially offset by lower union excise duty. Net tax revenues rose by 11.1% y/y
 - Non-tax revenue was better than last year, supported by dividends
- Total expenditure for 7MFY24 stood at Rs. 23.94 trn (53.2% of FY24BE), on a y/y basis it rose by 11.7% led by strong surge in capital expenditure

Lending rates on fresh loans rose sharper while deposit rates on fresh deposits slightly decreased for SCBs in Oct'23 (Source: RBI):

- The weighted average lending rate (WALR) on fresh rupee loans of SCBs was at 9.50% in Oct'23 (Sep'23: 9.38%). The WALR on outstanding rupee loans of SCBs moved to 9.84% in Oct'23 from 9.83% in Sep'23. 1-Year median MCLR of SCBs remained unchanged at 8.70% in Nov'23.
- The weighted average domestic term deposit rate (WADTDR) on fresh rupee term deposits of SCBs moved to 6.31% in Oct'23 from 6.32% Sep'23. The WADTDR on outstanding rupee term deposits of SCBs was at 6.75% in Oct'23 (Sep'23: 6.69%).

Non-food bank credit growth remains robust in Oct'23 (Source: RBI):

- Non-food bank credit growth stood at 15.3% y/y in Oct'23 from 13.8% a year ago
- Credit growth to agriculture and allied activities sustained momentum at 17.5% y/y in Oct'23, from 13.8% y/y in Oct'22
- Credit growth to industries was up 5.4% y/y in Oct'23, driven by acceleration in basic metals, food processing and textiles, offset by contraction in Petroleum
- Credit growth to service sector grew by 20.1% y/y in Oct'23, from 22.5% y/y in Oct'22 buoyed by aviation and commercial real estate, while personal loans decelerated to 18.0% y/y in Oct'23 due to moderation in credit growth to housing.

Union lowers windfall tax on crude oil (Source: Mint): The Government lowered the windfall tax on crude oil to Rs. 5.0k per tonne from 6.3k per tonne, Further, the levy on the jet fuel decreased to Rs. 106 per litre from Rs. 111 per litre

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