

SBICAPS Daily Digest

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.19	-4
US 2Y*	4.72	1
Germany 10Y	2.22	-5
UK 10Y	3.96	-11
Japan 10Y	0.70	-6

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.25	0
7.18% GS 2033* (10Y)	7.27	-1
7.18% GS 2037*	7.38	-1
91-day T-bill	6.95	0
182-day T-bill	7.17	0
364-day T-bill	7.16	0

Source: CCIL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	51	51	64	39
AA	117	119	132	106
A	304	308	323	300

Source: FIMMDA, as on 11 Dec, 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	5.32

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	119.1	6.76
Triparty Repo	3,656.3	6.76
Market Repo	1,535.0	6.78
Repo in corporate bond	2.0	6.90

Source: RBI, as of 12 Dec, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	69,551	-0.5
NIFTY	20,906	-0.4
NASDAQ	14,533	0.7
S&P 500	4,644	0.5
Nikkei 225	32,844	0.2
Euro Stoxx 50	4,537	-0.1

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	73.2	-4.1
Natural gas Nymex (USD/MMBtu)	2.3	-7.4
Gold Comex (USD/t oz.)	1,995.0	-0.2
Copper Comex (USD/lb)	378.1	-0.3
Wheat cbot (USD/bu.)	625.3	2.6

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.38	0.0
GBP/ INR	104.66	-0.1
EUR/ INR	89.88	0.2
EUR/USD	1.08	0.2
DXY Index	103.89	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: T-bill Auction; **US:** Policy rate, PPI Nov'23; **China:** Loan growth Nov'23, Total Social Financing Nov'23; **World:** OPEC monthly report

News:

International:

US Core CPI remains sticky in Nov'23 (Source: BLS):

- CPI increased by 0.1% m/m for Nov'23 (forecast: 0.0%) against 0.0% m/m increase in Oct'23 as shelter prices rose 0.4%, offsetting a decline in gasoline prices. Core CPI was up 0.3% m/m led by shelter, and medical care, up 0.4% m/m and 0.6% respectively while apparel prices decelerated by 1.3%.
- Consequentially, CPI was up by 3.1% y/y (forecast: 3.1%, Oct'23: 3.2%) while the core remained sticky growing by 4.0% in line with expectation of 4.0% y/y.
- US Treasury Secretary Ms. Yellen said that inflation was coming down meaningfully and hence completing the final steps to alleviate price pressures should not pose a particularly challenging task.

US budget deficit hits record high in Nov'23 (Source: Reuters): Federal budget deficit jumped by 26% y/y to USD 314 bn in Nov'23 (Oct'23: USD 67 bn) driven by sharply higher interest costs and other outlays. Revenues climbed 9% y/y to USD 275 bn, while outlays rose by 18% to USD 589 bn, with a USD 25 bn y/y increase in interest cost to USD 80 bn.**China vows to boost domestic demand in bid for CY24 recovery (Source: CNBC):** China's leadership has pledged to implement a comprehensive nine-point strategy to rejuvenate the economy, emphasizing high-quality development. The plan includes initiatives to stimulate domestic demand and address the escalating real estate challenges.

OPEC's share of oil production growth to shrink in CY23 (Source: EIA):

- Global production of liquid fuels is expected to be at 101.62 mbpd in CY23 (slightly higher from Sep'23 forecast of 101.26 mbpd), and at 102.19 mbpd in CY24 (same as Sep'23 forecast). Drops in OPEC production would be offset by an increase in non-OPEC production.
- Consumption in CY23 would be mildly lower at 101 mbpd in CY23, while remaining at 102.34 mbpd in CY24, nearly at same level as Sep'23 forecast.

German WPI declines in Nov'23 (Source: Destatis): Overall WPI declined by 3.6% y/y in Nov'23 compared to -4.2% in Oct'23. This was primarily due to base effects and a steep drop in prices in the wholesale of mineral oil products (-13.9%) had the biggest impact on the overall development. Sequentially, WPI declined by 0.2% m/m.

Domestic:

Nov'23 CPI rises, but below expectations (Source: PIB, CEIC):

- Consumer inflation recorded 5.55% y/y in Nov'23 (forecast: 5.7%, Oct'23: 4.87%). Further, core inflation touched 4.11%
- Food inflation remained high at 8.7% in Nov'23 from 6.6% in Oct'23, led by spices, vegetables, fruits, and cereals. Fuel and light inflation recorded a deceleration at -0.77%.
- Sequentially, CPI rose 0.54% m/m in Nov'23

Industrial output growth at 16-month high in Oct'23 (Source: PIB): IIP grew by 11.7% y/y in Oct'23 vs. 5.8% in Sep'23, on the back of 20.4% y/y growth in electricity output, 13.1% growth in mining output, while manufacturing output grew by 10.4%. As per use-based classification, highest growth was shown by capital goods (22.6%), consumer durables (15.9%), primary goods (11.4%). For 7MFY24, the index was up 6.9% as against 5.3% for 7MFY23.

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Auto wholesales register robust growth in Nov'23 (Source: BS, SIAM): All segments of the automobile industry witnessed robust growth during the festival season. PV sales rose 4% y/y to 334k units, while 3W and 2W sales were up 31% each at 59k units and 1.6 mn units respectively. The total production of all vehicles stood at 2.2 mn units.

Government says 10 PSBs transferred NPAs of over Rs 116 bn to NARCL in 11MCY23 (Source: BS): A Government official emphasized that the ongoing recovery of NPAs is a continuous process and security receipts issued by NARCL to lenders, backed by a government guarantee, offer a five-year timeframe for facilitating the recovery of these accounts.

SGS auctions conducted successfully (Source: RBI): SGS worth Rs. 121 bn were auctioned by 8 states, against a notified amount of Rs. 121 bn. Notably, 10Y SGS yields ranged between 7.71% - 7.74%.

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