

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.97	-22
US 2Y*	4.34	-38
Germany 10Y	2.17	-5
UK 10Y	3.82	-14
Japan 10Y	0.63	-7

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.23	-2
7.18% GS 2033* (10Y)	7.26	-2
7.18% GS 2037*	7.36	-2
91-day T-bill	6.98	2
182-day T-bill	7.19	2
364-day T-bill	7.19	3

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	47	58	67	38
AA	113	126	135	105
A	300	315	326	299

Source: FIMMDA, as on 12 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	5.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	120.06	6.78
Triparty Repo	3648.84	6.75
Market Repo	1421.16	6.78
Repo in corporate bond	1.25	6.95

Source: RBI, as of 13 Dec, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	69,585	0.0
NIFTY	20,926	0.1
NASDAQ	14,734	1.4
S&P 500	4,707	1.4
Nikkei 225	32,926	0.2
Euro Stoxx 50	4,530	-0.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.5	1.9
Natural gas Nymex (USD/MMBtu)	2.4	4.0
Gold Comex (USD/t oz.)	2,046.8	2.6
Copper Comex (USD/lb)	383.7	1.5
Wheat cbot (USD/bu.)	609.8	-2.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.40	0.0
GBP/ INR	105.32	0.6
EUR/ INR	90.74	1.0
EUR/USD	1.09	1.1
DX Index	102.57	-1.3

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: WPI Nov'23; **Policy Rate:** Eurozone, UK, Philippines, Switzerland, Mexico; **US:** Retail Sales Nov'23, Jobless Claims; **World:** IEA Report

News:

International:

US Fed holds rates steady, indicates three cuts in CY24 (Source: CNBC, US Federal Reserve): The FOMC kept the policy rate at 5.25-5.5% (in line with consensus) by a unanimous vote. Further:

- The FOMC dot plot penciled in at least three rate cuts in CY24 (assuming 25 bps), a touch below market expectations of 4 cuts but more aggressive than previously indicated. Further, the dot plot indicates four cuts in CY25 and three reductions in CY26 would take the funds rate down to between 2%-2.25%, close to the long-run outlook
- Fed officials see core inflation falling to 3.2% in CY23 and 2.4% in CY24, then to 2.2% in CY25. Finally, it gets back to the 2% target in CY26
- Economic forecasts upgraded real GDP to grow at a 2.6% y/y in CY23, 0.5pp above from Sep'23 estimates. Officials see GDP at 1.4% in CY24 (Sep'23: 1.5%) and 1.8% in CY25 (Sep'23: 1.8%)
- Projections for the unemployment rate were largely unchanged, at 3.8% in CY23 and rising to 4.1% in subsequent years

In response, US 10Y yields dipped below 4% for the first time since Aug'23

US producer price index unchanged in Nov'23 (Source: US BLS, Reuters): US producer prices were unexpectedly unchanged in Nov'23 amid cheaper energy goods, and underlying inflation pressures at the factory gate were muted. The core PPI gained marginally by 0.1% m/m (Oct'23: 0.1%).

China bank loans rise less than expected in Nov'23 (Source: Reuters): Chinese banks extended CNY 1.09 trn in new yuan loans in Nov'23, up from CNY 738.4 bn in Oct'23 less than the forecast of CNY 1.3 trn. Household loans, including mortgages, grew by CNY 292.5 bn in Nov'23. The growth of outstanding total social financing (TSF) quickened to 9.4% y/y in Nov'23 from 9.3% in Oct'23.

Oil demand forecast for CY23 and CY24 unchanged (Source: OPEC): As per OPEC's monthly oil market report for Dec'23, oil demand for CY23 and CY24 remained unchanged over last month to 102.11 and 104.36 mbpd respectively. The rising demand in China and America of 0.02 mbpd individually was offset by decline in Europe's demand by 0.04 mbpd.

COP28 summit approves deal on transition away from fossil fuels (Source: ET): Delegates at the UN COP28 summit reached an agreement urging nations to "transition away from fossil fuels" to mitigate the severe impacts of climate change. The language has been diluted from actual "phase-out" compared to earlier drafts.

Brazil lowers its benchmark interest rate further (Source: Reuters): Brazil's central bank expectedly lowered its benchmark interest rate by 50 bps for the fourth time in a row. It also signalled that it would keep cutting rates at that pace beyond Jan'24.

Domestic:

Dividends from CPSEs cross 90% of annual target (Source: FE): Union's dividend receipts from the CPSEs have crossed Rs. 390 bn so far, which is over 90% of the target for FY24 over 11% y/y higher, boosting its non-tax receipts. The receipts may exceed Rs. 600 bn, versus BE of Rs. 430 bn as OMC's profitability improved due to softening of crude prices.

MGNREGS job demand dips for first time FY24 in Nov'23 (Source: BS): The work demand under MGNREGS dipped below last year's levels in Nov'23. Around 17.67 min households sought work under the scheme in November 2023, which was almost less by 5% y/y.

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SBICAPS Daily Digest

Union mulls safeguard measures on steel imports (Source: The Hindu Businessline): As per media sources, Union is planning to introduce safeguard measures on steel imports through quota system to check the surge in inflows. Other options include exploring the possibility of placing import restrictions across ports and removing the lesser duty rule.

T-bill auctions conducted successfully (Source: RBI): 91-day T-bills worth Rs. 93 bn were auctioned against a notified amount of Rs. 70 bn at a cut-off yield of 6.9781%. 182-day T-bills worth Rs. 80 bn were auctioned against a notified amount of Rs. 80 bn at a cut-off yield of 7.1939%. 364-day T-bills worth Rs. 90.2 bn were auctioned against a notified amount of Rs. 90 bn at a cut-off yield of 7.1899%.

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