

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.91	-4
US 2Y*	4.44	1
Germany 10Y	2.01	-9
UK 10Y	3.68	-10
Japan 10Y	0.69	1

Source: Bloomberg, \*semi-annual

## G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.07	-5
7.18% GS 2033* (10Y)	7.16	-3
7.18% GS 2037*	7.28	-3
91-day T-bill	6.98	0
182-day T-bill	7.19	0
364-day T-bill	7.19	0

Source: CCL, RBI, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	68	74	86	46
AA	134	142	154	113
A	321	331	345	307

Source: FIMMDA, as on 14 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 (%)
Notice Money	114.8	6.75
Term Money	8.2	-
Triparty Repo	3,321.3	6.67
Market Repo	1667.6	6.68
Repo in corporate bond	0.0	NA

Source: RBI, as of 15 Dec, 2023

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,484	1.4
NIFTY	21,457	1.3
NASDAQ	14,814	0.4
S&P 500	4,719	0.0
Nikkei 225	32,970	-0.3
Euro Stoxx 50	4,549	0.2

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	76.6	-0.6
Natural gas Nymex (USD/MMBtu)	2.5	2.5
Gold Comex (USD/t oz.)	2,035.7	-0.7
Copper Comex (USD/lb)	389.1	0.0
Wheat cbot (USD/bu.)	629.3	1.9

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.00	-0.4
GBP/ INR	105.23	-1.0
EUR/ INR	90.04	-1.6
EUR/USD	1.09	-0.9
DXI Index	102.59	0.6

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Event:

Germany: Ifo Index Dec'23

## News:

## International:

## Flash PMIs indicate manufacturing downturn (Source: S&amp;P Global, Reuters):

- US flash composite PMI index increased to 5 months high of 51.0 in Dec'23 from 50.7 in Nov'23 amid rising orders. Growth was driven by the services sector with print of 51.3 from 50.8 in Nov'23. Manufacturing registered further downturn at 48.2 from 49.4 in Nov'23. US manufacturing output rose 0.3% y/y in Nov'23 (below estimates)
- The flash Eurozone composite PMI fell at steeper rate in Dec'23 to 47.0 from 47.6 in Nov'23 due to fall in inflows of new business (forecast: 48.0). German flash composite PMI contracted further at 46.7 in Dec'23 from 47.8 in Nov'23 signaling acceleration in rate of decline in activity

## US Fed officials saw rate cuts and soft landing in next year (Source: Reuters):

- Mr. Bostic said that Fed may begin rate cut in Q3CY24 if inflation falls as expected. He expected PCE index to be around 2.4% at the end of CY24.
- Mr. Williams mentioned that it is premature to be even thinking about rate cuts right now.
- Mr. Goolsbee did not rule out the possibility of cutting rates in Mar'24. He also expects lower rates next year though not significantly lower

## ECB officials put off rate cuts for now (Source: Reuters, Bloomberg, Forexlive):

- Mr. Holzmann mentioned that there was no discussion of a change to rates as the majority opined there are risks to the upside on inflation
- Mr. de Galhau said that ECB's next move should be a lowering of interest rates from record highs but not immediately, to which Mr. Nagel agreed
- Mr. Muller opined that there is no reason to consider either increase or decrease in interest rate in near future

**Russia raises key rate amid growing inflation (Source: Moscow Times):** Russia's Central Bank raised its key interest rate to 16%, a fifth hike in a bid to fight accelerating inflation. It expected annual inflation for CY23 to be in range of 7.0–7.5% y/y.

**Brazil completes sweeping tax overhaul (Source: Bloomberg, FT):** Brazil's Congress finalized a drastic overhaul of the country's tax code. The full reform to take effect in from the CY33. The new code will simplify a host of levies on goods and services, replacing five separate consumption taxes with a dual VAT system.

**Philippines relaxes rules to spur lending for green projects (Source: Bloomberg):** The Philippine central bank will temporarily allow banks to set aside lower reserves for sustainable bond sales and expand their lending capability to combat climate change. The monetary board has approved a gradual reduction in the reserve requirement to 0 from 3% at present.

## Domestic:

**Provisional overall trade deficit logged USD 5.3 bn in Nov'23 (Source: PIB):** The improved trade deficit y/y was based on overall exports of USD 63.6 bn (Nov'22: USD 61.8 bn) and overall imports of USD 67.9 bn (USD 72.3 bn). Highlights:

- Merchandise imports declined by 2.8% y/y, while exports decreased by 4.3 %, in Nov'23, to result in a merchandise trade deficit of USD 20.6 bn. The imports of petroleum products and electronic goods were declined by 22% and 17% respectively
- Services exports registered a 6.5% y/y growth to USD 28.7 bn & imports declined by 12.9% to USD 13.4 bn, respectively, leading to estimated services trade surplus of USD 15.3 bn (provisional figures)

For 8MFY24, overall trade deficit clocked USD 61.4 bn, well below USD 100.4 bn last fiscal

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**Advance tax mop up rises in FY24 (Source: BS):** As per media sources, Union's advance tax collections up to 15th Dec'23 in FY24 are up by 19.8% y/y to Rs. 6.24 trn. The Union has budgeted Rs. 18.20 trn from direct taxes in FY24, a 9.6% rise from the latest estimates of FY23.

**Domestic air passenger traffic rose in November (Source: BS):** Domestic air passenger traffic rose 9% to more than 12.7 mn in Nov'23 compared to 11.7 mn in Nov'22. Passengers carried by domestic airlines during Jan-Nov'23 were 138.2 mn as against 110.5 mn during the corresponding period of previous year.

**G-sec and VRR auctions concluded successfully (Source: RBI):**

- 7.37% GS 2028 worth Rs. 70 bn were auctioned (notified: Rs 70 bn) at a cut-off yield of 7.0699%. 7.18% GS 2033 worth Rs. 160 bn were auctioned (notified: Rs 160 bn) at a cut-off yield of 7.1897%. 7.46% GS 2073 worth Rs. 100 bn were auctioned (notified: Rs 100 bn) at a cut-off yield of 7.3975%
- 7-day VRR worth Rs. 1 trn were conducted against a notified amount of Rs. 1 trn at a cut-off yield of 6.61%

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