

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.92	1
US 2Y*	4.44	0
Germany 10Y	2.08	7
UK 10Y	3.69	1
Japan 10Y	0.66	-3

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.08	1
7.18% GS 2033* (10Y)	7.16	0
7.18% GS 2037*	7.28	0
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	57	54	49	43
AA	123	119	115	111
A	310	309	305	301

Source: FIMMDA, as on 15 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	140.3	6.75
Triparty Repo	3,538.7	6.77
Market Repo	1,510.6	6.78
Repo in corporate bond	350.0	7.00

Source: RBI, as of 18 Dec, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,315	-0.2
NIFTY	21,418	-0.2
NASDAQ	14,905	0.6
S&P 500	4,741	0.5
Nikkei 225	32,759	-0.6
Euro Stoxx 50	4,521	-0.6

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	78.1	2.0
Natural gas Nymex (USD/MMBtu)	2.5	0.8
Gold Comex (USD/t oz.)	2,038.2	0.1
Copper Comex (USD/lb)	385.9	-0.8
Wheat cbot (USD/bu.)	621.0	-1.3

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.06	0.1
GBP/ INR	105.23	0.0
EUR/ INR	90.75	0.8
EUR/USD	1.09	0.3
DXY Index	102.54	0.0

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Event:

India: SGS Auction; **Policy Rate:** Japan, Hungary, Colombia, Chile; **USA:** Building Permits, Housing Starts Nov'23, **Canada:** CPI Nov'23

News:

International:

Japan keeps ultra loose policy (Source: Reuters): The Japanese Central Bank held the interest rate and 10-year JGB yield target steady at -0.1% and 0% respectively. The Central Bank also made no change to its dovish policy guidance to take additional monetary easing steps. Further, the BoJ observed that the economy has recovered moderately, with private consumption continuing to rise. Cooling off in CPI has been largely due to lower energy prices, but there has been increased pass through recently, leading to rising inflation expectations.

China's economic conditions to improve in CY24 as government invests more (Source: Reuters): China's economy is expected to see more favorable conditions than challenges in CY24. Prices are low and debt levels of the Central Bank are not high and conditions are in place to strengthen monetary and fiscal policies, as per state media. Further, China's state planner has approved 144 fixed asset investment projects worth CNY 1.28 trn in CY23, which will kickstart the economy.

US Fed officials maintain a cautious tone on rate cuts (Source: Reuters):

- Ms. Daly mentioned that the US Fed will still be quite restrictive even if it cuts three times next year
- Ms. Mester said that the next phase is not when to reduce rates. It is about how long do we need policy to remain restrictive. Mr. Goolsbee chimed in, in a similar vein and added that last week's market reaction was not consistent with the message he intended

ECB officials believe rate cut bets are premature (Source: Forexlive, Reuters):

- Mr. Vasle said that accommodation priced into rates is inconsistent with policy stance to target inflation
- Mr. Kazimir mentioned that easing too soon a bigger risk than high rates for too long

Domestic:

Net direct tax collections jump in FY24 (Source: PIB): Net direct tax collection for FY24 as on 17 Dec'23 grew at 20.66% y/y to Rs. 13.70 trn compared to Rs. 11.35 trn in FY23. While the gross net collection grew by 17.0% y/y in FY24 to Rs. 15.95 trn. The advance tax collection for FY24 as on 17 Dec'23 shows robust growth of 19.9% y/y at Rs. 6.25 trn against Rs. 5.21 trn for corresponding period in FY23.

Union reduces windfall duty on crude oil (Source: Mint): Union reduced the windfall duty on crude oil to Rs. 1,300/tonne. Also, it reduced the special additional excise duty (SAED) on crude petroleum from Rs. 5,000/tonne to Rs. 1,300/tonne. SAED on diesel was reduced to Rs. 0.50/L from Re. 1/L, while on ATF it was increased from Nil to Re. 1/L

NHAI awards TOT bundles 13 and 14 (Source: PIB): NHAI has awarded TOT bundles 13 and 14 of a combined length of 273 km for Rs. 93.8 bn. With this it has awarded 4 TOT bundles of Rs. 160 bn in FY24 higher than the monetization target of Rs. 100 bn.

India tops remittance chart (Source: The Hindu Businessline): According to World Bank report, India leads global remittance board with USD 125 bn in CY23. Remittances to lower middle-income countries grew by 3.8% y/y in CY23. However, it also mentioned the potential risk of declining real incomes for migrants in CY24.

Union may cut down capital infusion in OMCs (Source: FE): As per media sources, Union may cut down capital infusion in OMCs below the budgeted estimate of Rs. 350 bn in FY24. This is because robust profits in H1FY24 on back of subdued crude oil prices.

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Details of Research Analysts

<u>Name</u>	Rajan Jain	<u>Name</u>	Soham Bobde
<u>Qualification</u>	PGDBA	<u>Qualification</u>	MBA
<u>Designation</u>	Head- Credit Research	<u>Designation</u>	Associate

Details of Research Analyst entity

<u>Name</u>	SBI Capital Markets Limited
<u>Registration Number</u>	INH000007429
<u>Address</u>	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
<u>Telephone Number</u>	+91 22 4196 8300
<u>Compliance Officer</u>	Bhaskar Chakraborty
<u>Email id</u>	compliance.officer@sbicaps.com
<u>Telephone Number</u>	+91 22 4196 8542

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