

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.86	-6
US 2Y*	4.36	-8
Germany 10Y	1.97	-4
UK 10Y	3.52	-12
Japan 10Y	0.56	1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.09	-1
7.18% GS 2033* (10Y)	7.17	-1
7.18% GS 2037*	7.27	0
91-day T-bill	6.94	-3
182-day T-bill	7.14	-6
364-day T-bill	7.11	-8

Source: CCLL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	76	83	60	59
AA	142	148	126	127
A	329	338	316	317

Source: FIMMDA, as on 19 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	110.8	6.80
Triparty Repo	3,546.2	6.77
Market Repo	1,348.7	6.81
Repo in corporate bond	10.4	7.12

Source: RBI, as of 20 Dec, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	70,506	-1.3
NIFTY	21,150	-1.4
NASDAQ	14,778	-1.5
S&P 500	4,698	-1.5
Nikkei 225	33,676	-0.4
Euro Stoxx 50	4,534	0.0

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	79.5	0.5
Natural gas Nymex (USD/MMBtu)	2.4	-5.8
Gold Comex (USD/t oz.)	2,047.8	-0.2
Copper Comex (USD/lb)	389.9	-0.2
Wheat cbot (USD/bu.)	613.8	-1.6

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.19	0.0
GBP/ INR	105.07	-0.7
EUR/ INR	90.98	-0.2
EUR/USD	1.09	-0.2
DXY Index	102.33	0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Event:

US: GDP Q3CY23, Jobless claims; Policy rate: Turkey, Nigeria, Indonesia

News:

International:

US Fed member Mr. Harker open to lowering rates (Source: Reuters): He said that he was not in favor of any further rate hikes, while signaling openness to lowering short-term borrowing costs, although not imminently.

US existing home sales unexpectedly rise in Nov'23 (Source: Reuters): Existing home sales rose to 3.82 mn from 3.79 mn in Oct'23 (forecast: 3.78 mn), rising 0.8% m/m, as mortgage rates slipped to 6.83%. Further, the consumer confidence increased to a 5 month high in Dec'23 to 110.7 as compare to 101.0 in Nov'23.

ECB members maintain higher for longer (Source: Reuters, forexlive):

- Mr. Nagel said that the ECB needed time before declaring victory over historically high inflation, although he conceded that rates were likely at their peak. Mr. Knot also shared similar views.
- Mr Lane said that there is a lot of disinflation happening but it's not necessarily persistent and that remained a point of concern.
- Mr. Kazaks said that ECB needs to keep interest rates where they are for some time yet, however a cut could come around the mid of CY24

UK inflation slows more than forecast (Source: Bloomberg): UK CPI for Nov'23 rose 3.9% y/y (forecast: 4.3%), down from 4.6% in Oct'23, led by a 10.6% decline in fuel prices. Further, the core inflation also dropped to 5.1% as against 5.7% in Oct'23. On a m/m basis the headline inflation was down by 0.2%.

Japan's government lifts economic growth estimates (Source: Reuters): Real growth rate for FY24 is estimated at 1.6%, up from 1.3% seen half a year ago as external demand offset weak domestic consumption activity. The growth rate is forecast to slow down slightly to 1.3% in FY25 as the external demand contribution weakens sharply reflecting a rebound in domestic consumption, helped by tax cuts and wage hikes.

Domestic:**RBI warns about global slowdown in CY24 (Source: RBI):** In its Dec'23 bulletin:

- Pace of global growth may slow further in CY24 while inflation at varying pace in different geographies may pave the way for interest rate reductions
- Indian growth would be sustained based on easing input costs and corporate profitability
- Consumer inflation is expected to ease to in FY25 from 5.4% in FY24
- Net FDI halved to USD 10.4 bn during 7MFY24 from USD 20.8 bn a year ago, although India remains an attractive investment destination amidst global de-risking efforts.
- ECB contracts were up 140% at USD 29.8 bn during 7MFY24, indicating a new private capex cycle gaining momentum
- NRI deposits outstanding increased to USD 143.48 bn in Oct'23 from 143.07 bn in Sep'23

MoRTH looking to build high speed highways (Source: ET): According to media sources, MoRTH has proposed an ambitious program to build and enhance around 41k km of national highways, encompassing 15k km of high-speed, access-controlled corridors by the FY32. The execution of this forward-looking initiative is projected to require an investment of Rs 19.5 trn. First-phase projects under the highway development master plan set to be open for bidding by FY29.

PSU capex hits 52% of budget target in H1FY24 (Source: BS): The Finance Ministry said that the capex by PSUs for H1FY24 was at Rs. 3.79 trn (52% of FY24BE of Rs. 7.33 trn) as against Rs. 2.85 trn in H1FY23 (43% of FY23BE of Rs. 6.62 trn).

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SBICAPS Daily Digest

Extend FAME-II, set deadline for polluting vehicles (Source: Source: BS): The Parliamentary Standing Committee has proposed several measures for EV adoption such as a 3-year extension for FAME-II program, inclusion of private four-wheelers and quadricycles in the scheme and mandatory integration of EVs in public transport, logistics, and delivery sectors.

Use of imported coal by power sector to decline to 2% in FY25 (Source: The Hindu Businessline): Coal minister Mr. Joshi assured that India will produce enough coal to meet the country's increasing power demand, thereby reducing the dependency on imported coal to 2% from 4.6% in FY24. This will eventually be reduced to 0%.

T-bill auctions conducted successfully (Source: RBI): 91-day T-bills worth Rs. 100 bn were auctioned against a notified amount of Rs. 70 bn at a cut-off yield of 6.9441%. 182-day T-bills worth Rs. 88 bn were auctioned against a notified amount of Rs. 80 bn at a cut-off yield of 7.1387%. 364-day T-bills worth Rs. 91.56 bn were auctioned against a notified amount of Rs. 90 bn at a cut-off yield of 7.1101%.

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