

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.20	-12
US 2Y*	4.54	-13
Germany 10Y	2.36	-8
UK 10Y	4.13	-4
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*	7.27	1
7.18% GS 2033* (10Y)	7.29	1
7.18% GS 2037*	7.43	2
91-day T-bill	6.96	0
182-day T-bill	7.16	0
364-day T-bill	7.15	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	43	38	35	28
AA	109	106	103	95
A	296	295	294	289

Source: FIMMDA, as on 01 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	5.33

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Notice Money	124.32	6.79
Term Repo	2.28	-
Triparty Repo	3585.10	6.75
Market Repo	1607.57	6.78
Repo in corporate bond	0.00	-

Source: RBI, as of 01 Dec, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	67,481	0.7
NIFTY	20,267	0.7
NASDAQ	14,305	0.6
S&P 500	4,594	0.6
Nikkei 225	33,431	-0.3
Euro Stoxx 50	4,418	0.8

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	78.9	-4.8
Natural gas Nymex (USD/MMBtu)	2.8	0.0
Gold Comex (USD/t oz.)	2,089.7	1.4
Copper Comex (USD/lb)	393.2	1.9
Wheat cbot (USD/bu.)	602.8	0.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.30	-0.1
GBP/ INR	105.80	0.4
EUR/ INR	89.75	-1.1
EUR/USD	1.09	-0.2
DX Index	103.19	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

USD: Factory Order Oct'23; Germany: Trade Balance Oct'23;

News:

International:

Takeaways from COP28 Summit (Source: CNBC):

- IMF Chief Ms. Georgieva underscored the importance of climate change and how carbon price can prove vital in accelerating decarbonization and providing revenues to governments exemplifying EU's EUR 175 bn collections from carbon price. She predicts peak of oil and gas as countries pledge to triple renewable energy capacity.
- Both India and China refrained from signing pledge to triple world's renewable energy capacity by CY30 at COP28 Summit, although expressing endorsement for the endeavour involving scaling up of clean power along with phasing down fossil fuel usage.
- World Bank is working with banks to promote securitization to scale climate finance and reduce risk for investors.

US Fed officials confident on current policy stance (Source: CNBC):

- Fed Chair Mr. Powell feels it is premature to speculate on when policy might ease, however, acknowledging that policy is well into restrictive zone and risk of over or under tightening are balanced, as inflation remains above target while moving in the right direction.
- Mr. Goolsbee thinks that economy is on track to 2% inflation albeit a strong labour market and housing inflation remain monitorable.

Factory downturn slows down across developed economies (Source: S&P Global):

- Global manufacturing PMI hit a 6-month high of 49.3 in Nov'23 from 48.8 in Oct'23 as signs of manufacturing downturn softening seen in slower contracting of new orders, employment and purchasing in Nov'23.
- Eurozone PMI rose to 44.2 in Nov'23 from 43.1 in Oct'23, marking a slower deterioration with weaker fall in new order and export.
- US manufacturing PMI remains unchanged from the flash estimate of 49.4 in Nov'23 from 50 in Oct'23, rolling back into recessionary territory with renewed deterioration in new orders.

Domestic:

GST revenue collection robust in Nov'23 (Source: PIB): GST revenue collection grew at 15% y/y in Nov'23 to Rs. 1.68 trn, crossing the Rs. 1.6 trn mark for the 6th time in FY24. Total revenue for Centre and State after regular settlement stood at Rs. 683 bn for CGST and Rs. 698 trn for SGST in Nov'23. GST collection for 8MFY24 rose by 11.9% y/y to Rs. 13.32 trn.

Festivities spur domestic power consumption (Source: CNBC): Domestic power consumption grew ~8.5% to 119.64 in Nov'23, from 110.25 in Nov'22, on the back of surge in electricity demand due to festival season and an uptick in economic activities. Peak power demand met rose to 204.6 GW in Nov'23, from 187 GW in Nov'22.

Domestic manufacturing activity accelerates in Nov'23 (Source: S&P Global): Manufacturing PMI rebounded to 56 in Nov'23 from 55.5 in Oct'23 as rise in manufacturing activity was accompanied by substantial easing of price pressures. Outlook for manufacturing remained favourable, on the back of demand strength, increased marketing initiatives and resilient new export business.

Rs. 2000 banknotes continue to be legal tender (Source: RBI): Out of the Rs. 2000 banknotes in circulation as on 19th May'23 worth Rs. 3.56 trn, 97.26% have been returned as of 30th Nov'23, with only Rs. 97.6 bn remaining in circulation. Notably, these banknotes continue to be legal tender.

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High frequency indicators show robust growth in Nov'23 (Source: PIB):

- Freight loading increased by a robust 4.3% y/y in Nov'23 to 123.48 mn tonnes with revenues increasing by 3.8% y/y to Rs. 140.77 bn. In 8MFY24, freight loading increased 3.78% y/y to 1015.67 mn tonnes with revenues increasing by 3.87% y/y to Rs. 1.1 trn.
- Coal production witnesses a remarkable surge of 11.03% y/y in Nov'23 to 84.53 mn tonnes with CIL production rising 8.74% y/y to 65.97 mn tonnes and dispatches rising by 9.02% y/y to 81.63 mn tonnes in Nov'23.
- Coal production from captive, commercial mines registered a 37% y/y rise to 11.94 mn tonnes in Nov'23, while dispatches rose by 55% y/y to 12.92 mn tonnes in Nov'23.

G-Sec and VRRR auctions conducted successfully (Source: RBI): 7.37% GS 2028 worth Rs. 70 bn were auctioned, against a notified amount of Rs. 70 bn at a cut-off yield of 7.2684%. 7.18% GS 2033 worth Rs. 130 bn were auctioned, against a notified amount of Rs. 130 bn at a cut-off yield of 7.2899%. 7.30% GS 2053 worth Rs. 100 bn were auctioned, against a notified amount of Rs. 100 bn at a cut-off yield of 7.5452%. VRR auctions worth Rs. 224.68 bn were accepted, against a notified amount of Rs. 500 bn, at a cut-off rate of 6.49%.

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