

Tables:

Foreign G-Sec Bond Yield:

| G-sec | Yield (in %) | 1-Day Change in Bps |
|-------------|--------------|---------------------|
| US 10Y* | 4.46 | 6 |
| US 2Y* | 4.94 | 4 |
| Germany 10Y | 2.61 | 5 |
| UK 10Y | 4.25 | 10 |
| Japan 10Y | 0.75 | 4 |

Source: Bloomberg, *semi-annual

G-sec yield:

| G- Sec | Yield (in %) | 1-Day Change in Bps |
|----------------------|--------------|---------------------|
| 7.06% GS 2028* | 7.25 | 0 |
| 7.18% GS 2033* (10Y) | 7.26 | 1 |
| 7.18% GS 2037* | 7.37 | 1 |
| 91-day T-bill | 6.95 | 0 |
| 182-day T-bill | 7.12 | 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 | 23 | 28 | 44 | 47 |
| AA | 87 | 93 | 109 | 112 |
| A | 276 | 283 | 300 | 304 |

Source: FIMMDA, as on 22 Nov, 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 | 111.6 | 6.79 |
| Triparty Repo | 3,684.4 | 6.80 |
| Market Repo | 1,465.0 | 6.81 |
| Repo in corporate bond | 2.8 | 7.01 |

Source: RBI, as of 23 Nov, 2023

Major Equity Indices:

| Indices | Last | 1-Day Change % |
|---------------|--------|----------------|
| BSE SENSEX | 66,018 | 0.0 |
| NIFTY | 19,802 | 0.0 |
| NASDAQ | 14,266 | 0.0 |
| S&P 500 | 4,557 | 0.0 |
| Nikkei 225 | 33,452 | 0.0 |
| Euro Stoxx 50 | 4,361 | 0.2 |

Source: Google Finance

Commodities futures:

| Commodities | Last | 1-Day Change % |
|-------------------------------|---------|----------------|
| Brent Crude (USD/bbl) | 81.6 | 0.8 |
| Natural gas Nymex (USD/MMBtu) | 2.9 | 2.1 |
| Gold Comex (USD/t oz.) | 2,014.7 | 0.0 |
| Copper Comex (USD/lb) | 381.7 | 0.1 |
| Wheat cbot (USD/bu.) | 584.5 | 0.0 |

Source: Bloomberg

Exchange Rates:

| Currency pair | Rate | 1-Day Change % |
|---------------|--------|----------------|
| USD/ INR | 83.34 | 0.0 |
| GBP/ INR | 104.38 | 0.3 |
| EUR/ INR | 90.73 | 0.1 |
| EUR/USD | 1.09 | 0.0 |
| DX Index | 103.83 | 0.1 |

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: G-Sec Auction; **Japan:** CPI Oct'23, Flash PMI Nov'23; **US:** Flash PMI Nov'23; **Germany:** Ifo Business Climate Index Nov'23

News:

International:

Global PMIs manufacturing activity fares better than expectation, while PMI largely remain contractionary (Source: S&P Global):

- Eurozone composite PMI printed at 47.1 in Nov'23 higher than expectations of 46.9 (Oct'23: 46.5), buoyed by manufacturing recovering to 6-month high of 43.8 while services recovered marginally to 48.2 against 47.8 in Oct'23.
- UK Composite PMI increased higher than expectations to 50.1 in Nov'23 led by the service sector PMI increasing to 50.5 (forecast & Oct'23: 49.5). Manufacturing PMI also increased to 6-month highs at 46.7
- Japan's manufacturing PMI shrinks for the 6th consecutive month on account of weak demand, printing at 48.1 in Nov'23, below the expectations of 48.8 (Oct'23: 48.7) while services PMI came in at 51.7.

Central banks, across the globe, remain wary of macroeconomic and inflationary risks as they formulate policy decisions (Source: Bloomberg)

- Swedish Central Bank paused its tightening campaign at 4%, against the expectations of a 25-bps increase, as the policymakers remain wary of rising borrowing costs in an increasingly sickly economy
- Turkey's Central Bank hike the one-week repo rate by 500 bps to 40%, against an expectation of 250 bps increase.
- Indonesia's Central Bank kept the benchmark interest rate unchanged at 6% in line with market expectations while it remains watchful of currency and inflationary risks
- South Africa also held the interest rate at 8.25% in line with forecasts, warning that inflationary risks exists and that it is ready to act if required

ECB policymakers unanimously voted to maintain interest rates (Source: Forexlive): As per ECB policy minutes released, officials kept the doors opened for further rate hikes as they decided to maintain interest rates unanimously. It is expected that the inflation will return to 2% target by 2025 as impact of past rate hikes materialise.

China pushes banks to plug shortfall in property sector (Source: Bloomberg): Chinese leadership has ramped up pressure on banks to plug an estimated USD 446 bn shortfall in the property sector to stabilise the industry, reduce risk of additional default by developers and make certain that housing projects get completed. Policymakers are finalising draft for 50 developers eligible for receiving financial support, to help distressed builders.

Domestic:

NBFC and small finance banks need to curb over-enthusiasm to lend (Source: BS):

- Ms. Sitharaman said that NBFCs and small finance banks need to remain cautious while lending to avoid any downside risks that might occur. She supported RBI's recent tightening of norms, while adding that public sector banks must be a lot more efficient in wanting to get the deposits coming to the banking sector.
- Similar views were reiterated by RBI Deputy Governor Mr. Rao, adding that if the exposures are not managed efficiently, it might lead to catastrophic events.

MoRTH sought extension to resolve disputes as construction slows (Source: Mint): As per media sources, Road ministry sought extension of its scheme to resolve the disputes over contracts including those stuck in courts. Around 400 disputes involving substantial money are slowing down road construction.

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Crude output and its imports up in Oct'23 (Source: Mint): Crude production rose by 1.3% y/y in Oct'23 at 2.5 mn tonnes, with imports rising by 2.2% to meet winter demand for a total of USD 11.8 bn. Overall, the production of petroleum products was 4.2% y/y higher at 21.8 mn tonnes, buoyed by a 9.3% increase in gross production of natural gas.

Tenders for advanced chemistry cells in PLI likely by Dec'23 (Source: Mint): As per media sources, Union is gearing up to invite tenders for advanced chemistry cells PLI with 20 GWH capacity is expected to sanction additional benefits in new PLI scheme for niche chemistries. Additionally, the government may consider introducing PLI for heavy earth moving machinery and underground mining equipment, which are largely imported.

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