

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.99	5
US 2Y*	4.20	6
Germany 10Y	2.23	5
UK 10Y	3.79	0
Japan 10Y	0.57	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.03	-4
7.18% GS 2033* (10Y)	7.15	-3
7.18% GS 2037*	7.25	-4
91-day T-bill	6.93	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	103	66	-3	45
AA	167	129	61	112
A	357	321	255	307

Source: FIMMDA, as on 12 Jan, 2024

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	8.75
SOFR	5.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	112.3	6.78
Triparty Repo	3,691.4	6.75
Market Repo	1,422.3	6.78
Repo in corporate bond	0.3	7.25

Source: RBI, as of 15 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	73,328	1.0
NIFTY	22,097	0.9
NASDAQ	14,973	0.0
S&P 500	4,784	0.0
Nikkei 225	35,806	0.6
Euro Stoxx 50	4,455	-0.6

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	78.2	-0.2
Natural gas Nymex (USD/MMBtu)	3.1	-7.6
Gold Comex (USD/t oz.)	2,055.7	0.2
Copper Comex (USD/lb)	377.6	0.9
Wheat cbot (USD/bu.)	596.0	0.0

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	82.89	0.0
GBP/ INR	105.17	-0.5
EUR/ INR	90.43	-0.3
EUR/USD	1.09	-0.3
DXY Index	102.82	0.4

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS Auction; **Japan:** PPI Dec'23; **Germany:** ZEW Index Jan'24; **CPI Dec'23:** Germany, Canada

News:

International:

Germany's GDP shrank in CY23 (Source: Euro news): Germany's real GDP growth decreased by 0.3% y/y in CY23 down from 1.8% in CY22 as expected. The industrial sector output tumbled by 2% y/y, driven by lower production in the energy supply sector. The manufacturing output also dropped, by 0.4% y/y due to declines in the automotive industry.

German WPI fell by 2.6% y/y in Dec'23 (Source: Destatis): wholesale prices are down by 2.6% y/y compared to Dec'22. The decline owes to a sharp drop in prices of mineral oil products (9.8% y/y). It decreased by 0.6 % m/m in Dec'23.

European officials comment on growth and rates (Source: Forexlive, Bloomberg):

- ECB's Mr. Holzmann said that we should not count on rate cuts at all this year. He also does expect real recession coming to Eurozone. Another ECB official, Mr. Nagel mentioned that it is too early to talk about rate cuts as inflation is still too high
- Eurogroup head Mr. Donohoe expected that Euro area economy will grow by 1% in CY24 as it resists impact of high inflation

Japan's producer price inflation remained flat in Dec'23 (Source: Reuters): Japan's PPI was flat in Dec'23 y/y against the forecast of fall by 0.3% y/y. The slowdown was due to subsidies on petrol and utility bills. Prices of steel also fell in Dec'23.

Domestic:

Overall trade deficit logged USD 5.17 bn in Dec'23 (Source: PIB): The improved trade deficit y/y was based on overall exports of USD 66.33 bn (Dec'22: USD 69.28 bn) and overall imports of USD 71.5 bn (Dec'22: USD 77.03 bn). Highlights:

- Merchandise imports declined by 4.8% y/y, while exports increased by 0.9% y/y, in Dec'23, to a merchandise trade deficit of USD 19.8 bn. Sharp uptick was seen in exports of iron ore and a dip seen in cereal imports. Amongst imports, gold imports surged 157% y/y
- Provisional services exports & imports declined by 10.6% y/y and 16.2% y/y to USD 27.88 bn and USD 13.25 bn respectively, leading to estimated services trade surplus of USD 14.63 bn

For 9MFY24, overall trade deficit is USD 69.34 bn, below USD 108.13 bn last fiscal

Wholesale prices increases to 9 months high in Dec'23 (Source: PIB): WPI printed 0.73% y/y in Dec'23 (forecast: 0.90%, Nov'23: 0.26%) due to a sharp rise in food prices. Sequentially, WPI fell by 0.85% m/m. Primary articles component rose by 5.78% y/y (Nov'23: 4.76%) led by food articles surging by 9.38% owing to increases in pulses, vegetables, and onions. Fuel and Power inflation showed a 2.41% y/y decline. Manufactured products declined by 0.71% y/y.

RBI likely to withdraw relief to government owned NBFCs (Source: RBI): RBI, in its draft circular on credit/investment concentration norms has proposed to withdraw case-by-case basis exemptions granted to government-owned NBFCs from meeting credit/investment concentration norms. Existing exposures shall be allowed to run off till maturity. Henceforth, government NBFCs shall be guided by exposure norms and limits contained in circulars as applicable.

RBI reviews regulatory structure for HFCs (Source: RBI): The RBI has proposed higher liquid assets for HFCs and smaller aggregate deposits in a draft circular for HFCs. It proposed that all deposit taking HFCs will need to maintain liquid assets of 15% of the public deposits (currently 13%), in a phased manner by 31 Mar'25. RBI proposed lowering the ceiling on aggregate deposits should be shrunk from 3 times to 1.5 times of net owned funds.

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January 16, 2024



SBICAPS Daily Digest

RBI issues draft framework for fintech industry SRO (Source: ET): RBI has issued a draft framework for self-regulatory organisations focused on the fintech sector (SRO-FT) to empower the fledgling sector to function and innovate responsibly. It mentioned that SRO-FT should be responsible for addressing cases of grievance, conflict of interest or dispute among its members.

Union announces reduction in windfall taxes (Source: Mint): Union to cut the windfall tax on crude oil to Rs. 1,700 per tonne from Rs. 2,300 per tonne. The cut will be effective from 16 Jan'24. The export tax on petrol, diesel and aviation turbine fuel remains nil.

Union notifies electricity rules (Source: The Hindu Businessline): Union notified that consumers with more than specified quantum of load and energy storage system are allowed to establish, operate, and maintain dedicated transmission lines themselves without requirement of licence. The new rules also said tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue.

Power ministry weighs on solar module norms (Source: CNBC): As per media reports, The Union is considering requests by the industry to allow exemptions for solar projects in mandatory procurement of modules from the ALMM. The ALMM procurement mandate for solar modules is coming into force from 31 Mar'24.

Domestic air traffic grew in CY23 (Source: ET): Domestic air passenger traffic grew by 8.34% y/y in CY23 reaching 152 mn from 123.2 mn in CY22. In Dec'23 domestic air passenger traffic increased to 13.7 mn, compared to 12.7 mn in Dec'22.

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