

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.05	6
US 2Y*	4.22	2
Germany 10Y	2.26	3
UK 10Y	3.79	0
Japan 10Y	0.60	3

Source: Bloomberg, \*semi-annual

## G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.04	0
7.18% GS 2033* (10Y)	7.15	0
7.18% GS 2037*	7.25	0
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	62	59	52	44
AA	124	124	119	113
A	314	314	309	305

Source: FIMMDA, as on 15 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	128.5	6.76
Triparty Repo	3,751.8	6.76
Market Repo	1,427.7	6.79
Repo in corporate bond	1.9	6.95

Source: RBI, as of 16 Jan, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	73,128	-0.3
NIFTY	22,032	-0.3
NASDAQ	14,944	-0.2
S&P 500	4,766	-0.4
Nikkei 225	35,619	-0.5
Euro Stoxx 50	4,447	-0.2

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	77.8	-0.4
Natural gas Nymex (USD/MMBtu)	2.8	-8.2
Gold Comex (USD/t oz.)	2,031.4	-1.2
Copper Comex (USD/lb)	375.7	-0.5
Wheat cbot (USD/bu.)	582.8	-2.2

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.08	0.2
GBP/ INR	104.93	-0.2
EUR/ INR	90.26	-0.2
EUR/USD	1.09	-0.4
DX Index	103.36	0.5

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

**India:** T-bill auction; **US:** Retail sales Dec'23; **China:** Fixed asset investment Dec'23, Industrial production Dec'23, retail sales Dec'23, GDP: Q4CY23; **CPI Dec'23:** EU, UK;

## News:

## International:

**Chinese Premier Mr. Li said that real GDP grew around 5.2% y/y in CY23 and reassured on growth (Source: Reuters):** He stated that China's economy was advancing steadily, demonstrating resilience to fluctuations and would consistently contribute to global momentum. Emphasizing the unwavering long-term growth trend, he affirmed China's steadfast commitment to economic openness, vowing to establish favorable conditions for sharing opportunities.

**Chinese industrial output beats expectations while retail sales were slightly lower (Source: Yahoo finance):** China's industrial output grew 6.8% y/y in Dec'23, faster than the 6.6% seen in Nov'23 (expectation: 6.6%), but retail sales grew slower at 7.4% as against 10.1% in Nov'23 (expectation: 8%). For CY23, the industrial production and retail sales were up by 4.6% and 7.2%, respectively.

**China's new home prices fall at fastest pace in Dec'23 (Source: Reuters):** China's Dec'23 new home prices fell at the fastest pace since Feb'15, marking 6 straight months of declines. New home prices fell 0.4% m/m after dipping 0.3% m/m in Nov'23. Prices declined by 0.4% y/y at the steepest pace in 9 months.

**Interest rates to stay higher, battle against inflation not yet over (Source: ET):** IMF Deputy MD Ms. Gopinath said that interest rates are likely to remain higher than during the global financial crisis period but expects them to decrease this year. She dismissed market bets for a rate cut as premature and suggested that rates may come down in the second half of this year.

**US Fed official says Interest rate cuts should not be rushed (Source: Reuters):** Mr. Waller said that the US economy is within striking distance of 2% inflation goal. He also mentioned that Fed should not rush to cut its benchmark interest rate until lower inflation will be sustained.

**ECB members have divergent views on timing of rate cuts (Source: Reuters, Bloomberg):**

- Mr. Centeno said that the inflation trajectory remained positive and the ECB needs to ensure that it does not undershoot the inflation target, however Mr. Valimaki was of the view that there needs to be more evidence before rate cuts come on the agenda and avoid moving prematurely.
- Mr. Villeroy was of the view that ECB needs to be patient and there was no rush to cut rates. Also, Mr. Muller said that market rate cut expectations are aggressive, however wage data was not in-line with inflation.

## Domestic:

**Fitch affirms 'BBB-' rating for India with a stable outlook amid strong growth (Source: ET):** Fitch Ratings emphasized that India's investment landscape is expected to be a key driver of economic growth, citing the continuation of the government's capex drive and a gradual acceleration of private investment. However, it points out that beyond FY24, there is increased uncertainty regarding the fiscal path. Further, it expects real GDP growth of 6.9% y/y for FY24 and 6.5% for FY25 and has predicted a 75 bps cut in the policy rate by FY25.

**RBI's Working Group proposes reforms for state government guarantees to enhance fiscal management (Source: RBI, CNBC):** The Working Group has pointed out that the purpose of the issuance of government guarantees should be clearly defined. Also, recommended, the state governments may consider fixing a ceiling for incremental guarantees issued during a year at 5% of revenue receipts or 0.5% of GSDP, whichever is less.

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January 17, 2024



## SBICAPS Daily Digest

**No dues pending for gencos: Power Minister (Source: FE):** Mr. Singh mentioned that no bills are pending for power generation companies and all the legacy dues have been almost cleared. He also said that AT&C losses have come down to 15% last year from 27% in 2014. The losses will further come down to 12%.

**Private capital expenditure to pick up in coming years (Source: BS):** MPC member Mr. Varma said that while in the last couple of years the government has shouldered the burden of investment, capacity utilization has been slowly increasing and private capital expenditure would pick up in the coming years.

**SGS auctions conducted successfully (Source: RBI):** SGS worth Rs. 192 bn were auctioned by 9 states, against a notified amount of Rs. 192 bn, with cut-off yields for 10Y paper being in the range of 7.64 to 7.67%.

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