

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.88	0
US 2Y*	4.25	0
Germany 10Y	2.02	0
UK 10Y	3.52	0
Japan 10Y	0.60	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.09	0
7.18% GS 2033* (10Y)	7.20	2
7.18% GS 2037*	7.32	3
91-day T-bill	6.93	0
182-day T-bill	7.16	0
364-day T-bill	7.13	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	59	56	48	37
AA	123	119	112	104
A	313	311	306	299

Source: FIMMDA, as on 29 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	8.75
SOFR	5.40

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	101.8	6.78
Triparty Repo	3,404.6	6.76
Market Repo	1,367.2	6.79
Repo in corporate bond	0.3	7.90

Source: RBI, as of 01 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,272	0.0
NIFTY	21,741	0.0
NASDAQ	15,011	0.0
S&P 500	4,769	0.0
Nikkei 225	33,464	0.0
Euro Stoxx 50	4,521	0.0

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	78.2	1.5
Natural gas Nymex (USD/MMBtu)	2.7	5.6
Gold Comex (USD/t oz.)	2,076.4	0.2
Copper Comex (USD/lb)	389.6	0.1
Wheat cbot (USD/bu.)	628.0	0.0

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.24	0.0
GBP/ INR	105.87	0.0
EUR/ INR	91.14	-0.7
EUR/USD	1.10	-0.2
DX Index	101.57	0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Event:

India: SGS Auction; **Manufacturing PMI Dec'23:** US, China, Eurozone; **Indonesia:** CPI Dec'23

News:

International:

China's manufacturing activity improves marginally in Dec'23 (Source S&P Global): China's manufacturing PMI edged up from 50.7 in Nov'23 to 50.8 in Dec'23, due to stronger rise in new orders, improving demand conditions, the quickest increase in overall sales since Feb'23 and moderated downturn in foreign sales. Manufacturers anticipate production boosts through CY24.

China new home prices rise as policy support works (Source: Reuters): New home prices rose by an average 0.1% m/m in Dec'23, after rising 0.05% m/m in Nov'23, as host of policy measures help stabilize the housing sector which has stumbled from one crisis to another in recent times.

Singapore wraps up CY23 with firmer economic growth (Source: CNBC): Singapore's economy grew by 2.8% y/y in Q4CY23, sharp increase from 1% y/y expansion in Q3CY23, buoyed by a 3.2% y/y growth in manufacturing sector which had slumped 4.7% y/y in Q3CY23. The economy grew by 1.2% y/y in CY23, slower than 3.6% y/y growth in CY22, narrowly avoiding recession.

Sovereign Wealth Funds employ cautious approach, despite spending cash (Source: Reuters): Total spending by sovereign wealth funds fell 21% y/y in CY23 to USD 124 bn. Gulf countries have claimed about 40% of these flows, with Saudi Arabia's PIF accounting for about quarter of the flows at USD 32 bn with focus on energy transition.

Domestic:

GST collections continue posting robust growth numbers (Source: PIB): GST collections grew by 10.3% y/y at Rs. 1.65 trn in Dec'23, standing at a 3-month low albeit beating the Rs. 1.6 trn mark for the 7th time in CY23, with total revenue standing at Rs. 705 bn for CGST and Rs. 715 bn in SGST after regular settlement. During 9MFY24, GST collections witnessed a robust 12% y/y growth, reaching Rs. 149.7 trn.

Services trade shows buoyancy in Nov'23 (Source: RBI): Receipts from services exports grew by 4.3% y/y in Nov'23, standing at USD 28 bn, while services imports dropped sharply by 11.1% y/y at USD 13.7 bn in Nov'23.

Union hikes windfall tax on crude oil (Source: Reuters): The government has raised the windfall tax on petroleum crude oil to Rs. 2,300 per tonne from Rs. 1,300 per tonne. Tax on diesel of Rs. 0.5 per litre was eliminated and so was a Rs. 1 per litre levy on ATF.

High frequency indicators a mixed bag in Dec'23 (Source: BS, Reuters):

- Provisional data shows petrol sales falling 1.4% y/y to 2.72 mn tonnes, while diesel demand fell 7.8% y/y to 6.73 mn tonnes in Dec'23. ATF sales rose 3.8% y/y to 645k tonnes, while LPG sales were flat y/y at 2.73 mn tonnes in Dec'23
- Power consumption dipped 2.3% y/y in Dec'23 to 119.07 bn units as mild winters led to lower demand for heating
- Day Ahead Market (DAM) volume on power exchange declined 4% y/y to 4.75 TWh in Dec'23, at a clearing price of Rs. 4.55/unit
- UPI payments scaled new peaks, reaching Rs. 18.23 trn in value and 12.02 bn in volume terms, growing 42% y/y and 52% y/y respectively
- Fastag revenues stood at 58.6 bn up 18.6% y/y in Dec'23, showing exceptional buoyancy
- Auto wholesales grew by 4.4% y/y to 288k units in Dec'23, while retail sales of PV grew by 7.8% y/y to 443k units in Dec'23

Contd..

January 2, 2024



SBICAPS Daily Digest

Union amends auto PLI to provide flexibility (Source: BS): The government has extended the PLI for automobile and auto components by one year, while introducing partial amendments. The disbursement of incentives will take place between FY24 and FY28, with indicative incentives totalling Rs. 259 bn.

Rs. 2000 banknotes withdrawal nears completion (Source: RBI): Out of the Rs. 3.56 trn banknotes of Rs. 2000 denomination in circulation as on 19th Mar'23, 97.38% have been returned, with notes in circulation declining to Rs. 93.3 bn. Rs. 2000 banknotes continue to be legal tender.

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