

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.12	-4
US 2Y*	4.38	2
Germany 10Y	2.34	-1
UK 10Y	3.92	-1
Japan 10Y	0.65	2

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.06	0
7.18% GS 2033* (10Y)	7.18	0
7.18% GS 2037*	7.28	-1
91-day T-bill	6.97	0
182-day T-bill	7.17	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	58	-16	59
AA	165	123	51	128
A	355	313	241	320

Source: FIMMDA, as on 18 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	132.7	6.76
Triparty Repo	3,747.9	6.76
Market Repo	1,487.4	6.79
Repo in corporate bond	0.6	7.55

Source: RBI, as of 18 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,424	0.3
NIFTY	21,572	0.5
NASDAQ	15,311	1.7
S&P 500	4,840	1.2
Nikkei 225	35,964	-0.2
Euro Stoxx 50	4,449	-0.1

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	78.6	-0.4
Natural gas Nymex (USD/MMBtu)	2.5	-6.3
Gold Comex (USD/t oz.)	2,048.6	1.2
Copper Comex (USD/lb)	378.7	0.7
Wheat cbot (USD/bu.)	593.3	1.1

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.07	-0.1
GBP/ INR	105.59	-0.1
EUR/ INR	90.49	0.0
EUR/USD	1.09	0.1
DX Index	103.24	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Event:

China: Policy rate

News:

International:

Chinese banks maintain hold rates, in line with expectations (Source: Bloomberg):

The 1-year prime rate was kept unchanged at 3.45%, with the 5-year rate at 4.2%, in line with forecasts. PBoC will ensure the existing amount of credit is used efficiently since fast-growing money supply has yet to translate into a significant improvement in actual borrowing.

China witnesses shrinking FDI flows (Source: Reuters):

FDI shrank, for the first time in a decade, by 8% y/y to CNY 1.13 trn. It was led by strict zero-COVID policies, faltering business environment, higher borrowing costs, and de-risking in the West.

US Fed officials confident on the prospects of the economy (Source: Reuters):

- Ms. Daly notes inflation coming down and consumer sentiment improving, as Fed tackles the nuances of loosening policy too soon versus avoiding any adverse impact on labour markets
- Mr. Goolsbee considered cutting rates, as inflation falls, to avoid keeping policy too tight. Rate-cut path will be data dependent
- Mr. Bostic wants to make sure inflation is on its way to 2% before any cuts

US existing home sales drop significantly (Source: Reuters):

Existing home sales fell by 1% m/m saar to 3.78 mn in Dec'23 (Nov'23: 3.82 mn), lower than expectations of a 0.3% rise and at its lowest level in more than 13 years, as mortgage rates of the corresponding period weigh on the sales.

Russia's current account surplus dipped in CY23 (Source: Bloomberg):

CY23 surplus shrank 79% y/y to USD 50.2 bn, coming down from a record USD 238 bn in CY22. External debt as of Jan'24 also decreased by 14.9% y/y to USD 326.6 bn.

Domestic:

New NBFC to ease credit for infra projects under works (Source: Mint):

As per media sources, Union is planning to establish a new NBFC that would act as a guarantor for lower-rated infra bonds, which would improve the ratings of projects and allow them to secure funding at favorable terms.

SEBI proposes measures to enhance compliance in AIFs (Source: BS):

Investments worth of Rs. 300 bn in AIFs were found to be circumvention of regulations, which led the regulator to propose specific standards of verifiable due diligence and suitable standards of reporting, formulated by a pilot Standard Forum for AIFs.

SEBI and RBI mull exemptions for recent AIF investment rules (Source: Deccan Herald):

As per media sources, the regulators are considering exemptions to the recently tightened rules for bank investments in AIFs, as it may stymie growth of the AIF industry. Concessions might include exemptions of funds that invest in distressed assets, and extension of deadlines for the banks to exit the investments.

Capacity under construction is worth investment of a further Rs. 17.5 trn in power (Source: PIB):

As per Mr. Singh, Rs. 17 trn was invested over the past 9 years, adding 194 GW, and further investment of Rs. 17.5 trn is required. 99 GW of renewable energy capacity under construction and around 32 GW of renewables under bidding stage. 40-50 GW of renewables shall be bid yearly. In thermals, 27 GW is under construction, additional 12 GW is bid-out, 21 GW under survey and a further 22 GW in initial stages. Notwithstanding, peak demand is likely to cross 400 GW by 2030.

Record mop-up of monetisation roads and mining assets (Source: FE):

Union's asset recycling drive to generate resources will likely yield Rs. 1.5 trn in FY24, the highest mop-up since the National Monetisation Pipeline was rolled out, led by mining and road assets to the tune of Rs. 600 bn and Rs. 450 bn respectively.

Contd..

January 22, 2024



SBICAPS Daily Digest

G-Sec and VRR Auctions conducted successfully (Source: RBI):

- 7.33% GS 2026 worth Rs. 80 bn were auctioned, against a notified amount of Rs. 80 bn, at a cut-off yield of 7.0533%. 7.18% GS 2037 worth Rs. 100 bn were auctioned, against a notified amount of Rs. 100 bn, at a cut-off yield of 7.2964%. 7.25% GS 2063 worth Rs. 120 bn were auctioned, against a notified amount of Rs. 120 bn, at a cut-off yield of 7.4198%. New GOI SGrB 2054 worth Rs. 50 bn were auctioned, against a notified amount of Rs. 50 bn, at a cut-off yield of 7.37%
- 3-day VRR worth Rs. 500 bn were auctioned, against a notified amount of Rs. 500 bn, at cut-off rate of 6.73%. Bids worth Rs. 1.35 trn were received for this auction

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