

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.14	2
US 2Y*	4.35	5
Germany 10Y	2.30	1
UK 10Y	3.96	-2
Japan 10Y	0.71	-3

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.05	-1
7.18% GS 2033* (10Y)	7.18	-1
7.18% GS 2037*	7.27	-1
91-day T-bill	7.02	0
182-day T-bill	7.19	0
364-day T-bill	7.17	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	76	69	84	48
AA	138	134	151	117
A	328	324	341	309

Source: FIMMDA, as on 24 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	5.32

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	105.0	6.77
Triparty Repo	3,407.7	6.76
Market Repo	1,512.3	6.79
Repo in corporate bond	3.9	7.19

Source: RBI, as of 25 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	70,701	-0.5
NIFTY	21,353	-0.5
NASDAQ	15,455	-0.4
S&P 500	4,891	-0.1
Nikkei 225	35,751	-1.3
Euro Stoxx 50	4,635	1.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	83.6	1.4
Natural gas Nymex (USD/MMBtu)	2.7	5.4
Gold Comex (USD/t oz.)	2,036.1	0.0
Copper Comex (USD/lb)	385.2	-0.4
Wheat cbot (USD/bu.)	600.3	-2.0

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.12	0.0
GBP/ INR	105.57	0.0
EUR/ INR	89.31	0.2
EUR/USD	1.08	-0.1
DXY Index	103.52	0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Event:

India: VRR auction

News:

International:

US economy grows at faster than expected pace in Q4CY23 (Source: Reuters): Real GDP grew by 3.3% y/y saar (Advanced Estimate), against expectations of 2%, led by consumer and government spending. Personal consumption and Federal Government spending grew by 2.8% y/y and 2.1% respectively. Treasury Secy. Ms. Yellen added that strong GDP growth is representative of productivity gains and healthy spending, and not inflation.

US inflation slowed further in Dec'23 (Source: BEA):

- The US Fed's preferred gauge of inflation, the core PCE declined to 2.9% y/y in Dec'23 against expectations of 3%, representing the smallest rise since Mar'21. Sequentially, core PCE grew by 0.2% m/m, and for CY23, it was 2.9% y/y
- Headline PCE printed 2.6% y/y. The same was largely led by services, increasing 3.9% y/y, while goods rose marginally by 0.1%

ECB holds rates steady and gives no hints of cuts ahead (Source: CNBC): ECB held interest rates at 4% and reaffirmed its commitment to fighting inflation even as the time to start easing borrowing costs approaches. ECB's Ms. Lagarde added that it was pre-mature to discuss about cuts, which was reiterated by Mr. de Galhau. Mr. Knot said that certainty on wage numbers is required before cutting rates, adding that there is credible outlook to bring inflation within target.

China tightens securities lending rules to support stock markets (Source: Bloomberg): As per a statement released by the Chinese securities markets regulator, strategic investors won't be allowed to lend out shares during agreed lock-up periods, to support the slumping stock markets. The regulator also vowed to crack down on bypassing of lock-up restrictions.

Monetary policy decision in major economies (Source: Reuters)

- PBoC eased policy with Reserve ratio requirements for banks being cut by 50 bps, which will provide CNY 1 trn long-term capital
- Bank of Canada held its key overnight policy rate at 5%, and said that its focus is shifting to when to cut borrowing costs rather than hiking

Domestic:

Union to keep FY25 gross borrowings close to current year's target (Source: BS): As per media sources, Union may keep its gross borrowing between Rs. 15-15.5 trn for FY25, against a target of Rs. 15.43 trn for this year, out of which 91% has been raised as on 22 Jan'24.

AIFs reject early exit pleas from banks (Source: ET): In tandem with the new rules against evergreening, AIFs have turned down early exit requests from Banks and NBFCs, and they are bracing for defaults on capital calls from these set of regulated entities (RE). As per media sources, AIFs plan to cap the investments made by RE with the contributions made so far as priority distributions to any investors are also subject to SEBI restrictions.

Norms unveiled for direct global listing in GIFT City (Source: ET): Domestic public companies have been allowed to issue and list their shares directly on Global exchanges, housed at GIFT City. Capital gains arising out of transfer of shares at IFSC have been made exempt. However, companies with shareholders from neighboring countries must seek government approval for listing, promoters and directors mustn't be economic offenders, companies in prohibited FDI sectors can't be listed.

Commercial bank credit growth remains strong (Source: BS): As on 12 Jan'24, commercial bank credit grew by 16% y/y while deposits grew by 12.4% to Rs. 154.05 trn and Rs. 198.64 trn respectively. (Numbers exclude merger of a large HFC).

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SEBI offers relief to high-risk FPIs (Source: FE): In a relief to FPIs, with disproportionately high exposure to a single corporate group, SEBI has decided to give them more time to comply with the new disclosure norms on beneficial owners or liquidate holdings. Additionally, exemptions have been provided from enhanced disclosures. This is as per media sources.

Social sector schemes are reaching saturation: FM Ms. Sitharaman (Source: BS): Union is close to reaching saturation in implementing social sector schemes designed to provide basic necessities to the poor. Additionally, PMAY financial assistance may increase to Rs. 240k from Rs. 130k currently, and a new Rs. 600 bn interest subsidy scheme for urban housing may be unveiled.

Annual growth rate in consumption of fuel to slow in FY25 (Source: The Hindu Businessline): According to latest projection by PPAC, the growth is expected to slow in FY25 with consumption of diesel growing by 2.7% y/y (FY24 growth: 4.8%) and being consumed of 92.4 mn tonnes. Similarly, petrol consumption for FY25 is expected to grow at a slower pace of 5.4% y/y (FY24 growth: 6.35%) to 39.2 mn tonnes. ATF consumption is at a record high of 6.07 mn tonnes on account of a lower base.

Gas demand to rise significantly in CY24: IEA (Source: ET): Domestic natural gas demand is expected to rise by 6% y/y, from the 64 bn cubic meters consumed in CY23, in CY24 led by a rise in consumption of fertiliser units, power generation and industrial sectors.

Union clears incentive scheme for coal gasification projects (Source: BS): According to media sources, Union cabinet approved Rs. 85 bn incentive scheme for coal gasification projects, in line with 100 mn tonne target to gasify coal by 2030, to reduce the country's reliance on imports of natural gas.

Union plans more steps to rein in coal imports (Source: FE): The coal ministry will now encourage imported coal-based power plants to make capital investments to run on domestic fuel, with a change in technologies being requested within the next two years. Ministry also aims to have surplus coal, after addressing logistical and other issues in domestic coal production.

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

- 7.37% GS 2028 worth Rs. 70 bn were auctioned, against a notified amount of Rs. 70 bn, at a cut-off yield of 7.0508%. 7.18% GS 2033 worth Rs. 160 bn were auctioned, against a notified amount of Rs. 160 bn, at a cut-off yield of 7.1764%. 7.46% GS 2073 worth Rs. 100 bn were auctioned, against a notified amount of Rs. 100 bn, at a cut-off yield of 7.3499%.
- 15-day VRR worth Rs. 250 bn were auctioned, against a notified amount of Rs. 250 bn and bid received of Rs. 308 bn, at cut-off rate of 6.72%

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