

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.93	5
US 2Y*	4.32	7
Germany 10Y	2.06	4
UK 10Y	3.63	11
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)	7.21	1
7.18% GS 2037*	7.33	1
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	71	74	29	54
AA	135	137	93	121
A	325	329	287	316

Source: FIMMDA, as on 01 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	5.38

Source: RBI, Federal Reserve Bank of New York

## Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	107.5	6.77
Triparty Repo	3,578.0	6.74
Market Repo	1,403.2	6.80
Repo in corporate bond	0.1	7.15

Source: RBI, as of 02 Jan, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,892	-0.5
NIFTY	21,666	-0.3
NASDAQ	14,766	-1.6
S&P 500	4,743	-0.5
Nikkei 225	33,464	0.0
Euro Stoxx 50	4,513	-0.2

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	75.9	-3.0
Natural gas Nymex (USD/MMBtu)	2.6	-2.3
Gold Comex (USD/t oz.)	2,072.0	-0.2
Copper Comex (USD/lb)	386.8	-0.7
Wheat cbot (USD/bu.)	607.5	-3.3

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.32	0.1
GBP/ INR	105.23	-0.6
EUR/ INR	91.15	0.0
EUR/USD	1.10	-0.6
DXY Index	102.18	0.6

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Event:

**India:** Manufacturing PMI Dec'23, T-bill auction; **US:** FOMC Minutes, JOLT Survey Nov'23; **Turkey:** CPI Dec'23

## News:

## International:

**Global Manufacturing PMI remains in the contractionary zone (Source: S&P Global):**

- Global manufacturing PMI deteriorated to 49.0 in Dec'23 from 49.3 in Nov'23, due to a continuing downturn in factory output, new orders, and employment. Thus it remains below the 50-watermark which separates expansion from contraction
- US manufacturing PMI saw a sharp decline to 47.9 in Dec'23 (Flash estimate: 48.2) from 49.4 in Nov'23, led by a sharp deterioration in new orders as lower purchasing power led to weak client demand.
- Eurozone PMI rose slightly to a 7-month high of 44.4 in Dec'23 from 44.2 in Nov'23, reflecting softer dips in Germany and Italy, while France deteriorated to a 43-month low.

**China injects USD 50 Bn into policy banks (Source: Bloomberg):** China injected nearly USD 50 bn low-cost funds into policy banks last month for housing and infrastructure projects. The outstanding amount of the PBOC's Pledged Supplemental Lending program to them climbed to CNY 3.25 trn at the end of Dec'23 from CNY 2.90 trn in the previous month.

**The US Fed is securing soft landing (Source: Bloomberg):** IMF Chief Ms. Georgieva stated that the US economy is assuredly heading towards a gentle slowdown, attributed to the Federal Reserve's resolute actions in controlling inflation, even though there may be some challenges arising from increased interest rates.

## Domestic:

**RBI revises declaration of dividend norms in draft circular (Source: ET):** The RBI said that banks with NNPA ratio less than 6% and capital adequacy above minimum regulatory thresholds for the past three fiscals would be eligible to declare dividends. A revised graded structure was proposed with a higher ceiling on dividend payment – 50% - vs. 40% earlier, with the gradation based on NNPA. Dividend payout would be 50% if there is no NNPA for the FY, and can be a maximum of 15% if NNPA>4%.

**Finance Ministry gives leeway to departments on big spends (Source: FE):** In order to accelerate public spending, the Finance Ministry has relaxed cash management guidelines to allow departments and ministries to release Rs. 5 bn or more in their respective schemes without restrictions.

**Coal production rises in Dec'23 (Source: PIB):** Coal production touched 92.87 mn tonne in Dec'23 an increase of 10.8% y/y. Coal production for 9MFY24 reached 684.31 mn tonne 12.5% y/y compared to 608.34 mn tonne in 9MFY23. Coal despatch in Dec'23 reached 86.23 mn tonne showcasing 8.4% y/y growth. Cumulative coal despatch in 9MFY24 is at 709.8 mn tonnes (9MFY23: 637.4 mn tonnes)

**Cargo movement through inland waterways up 8% y/y for 8MFY24 (Source: The Hindu Businessline):** During the 8MFY24 the transportation of cargo through inland waterways has experienced an approximately 8% increase y/y, reaching 86.47 mn tonnes. Concurrently, the cargo volume managed by India's major ports has also risen by around 6%, totalling 500.83 mn tonnes.

**SGS auctions conducted successfully (Source: RBI):** SGS worth Rs. 160 bn were auctioned by 6 states, against a notified amount of Rs. 160 bn, with cut-off yields for 10Y paper being in the range of 7.70 to 7.74%. The yield between SGS and G-sec has risen to a 2-year high of ~53 bps.

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**Details of Research Analysts**

<u>Name</u>	Rajan Jain	<u>Name</u>	Siddharth Sarma
<u>Qualification</u>	PGDBA	<u>Qualification</u>	MBA
<u>Designation</u>	Head- Credit Research	<u>Designation</u>	Associate

**Details of Research Analyst entity**

<u>Name</u>	SBI Capital Markets Limited
<u>Registration Number</u>	INH000007429
<u>Address</u>	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
<u>Telephone Number</u>	+91 22 4196 8300
<u>Compliance Officer</u>	Bhaskar Chakraborty
<u>Email id</u>	<a href="mailto:compliance.officer@sbicaps.com">compliance.officer@sbicaps.com</a>
<u>Telephone Number</u>	+91 22 4196 8542

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