

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.02	-4
US 2Y*	4.25	-7
Germany 10Y	2.27	4
UK 10Y	3.90	3
Japan 10Y	0.73	2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.03	-2
7.18% GS 2033* (10Y)	7.16	-2
7.18% GS 2037*	7.24	-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	72	92	88	85
AA	134	155	153	152
A	324	345	343	342

Source: FIMMDA, as on 29 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	104.1	6.75
Triparty Repo	3,538.6	6.70
Market Repo	1,464.1	6.79
Repo in corporate bond	5.1	7.10

Source: RBI, as of 30 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,140	-1.1
NIFTY	21,522	-1.0
NASDAQ	15,510	-0.8
S&P 500	4,925	-0.1
Nikkei 225	36,066	0.1
Euro Stoxx 50	4,663	0.5

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.5	-0.1
Natural gas Nymex (USD/MMBtu)	2.1	-16.1
Gold Comex (USD/t oz.)	2,052.3	0.1
Copper Comex (USD/lb)	389.6	0.7
Wheat cbot (USD/bu.)	603.8	2.0

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.11	0.0
GBP/ INR	105.37	-0.3
EUR/ INR	89.83	-0.2
EUR/USD	1.08	-0.1
DX Index	103.62	0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: Fiscal Balance Dec'23, T-bill auction; **US:** Policy rate, ADP Private payrolls Jan'24; **Germany:** CPI Jan'24, Retail Sales Dec'23; **China:** Official PMI Jan'24

News:

International:

Risks to global growth are balanced, soft landing a possibility (Source: IMF): In the Jan'24 World Economic Outlook, the IMF projects:

- Real global GDP growth at 3.1% (up 0.2 pp from Oct'23) in CY24 and 3.2% in CY25 (unchanged)
- US is expected to expand at a faster pace with CY24 projections increased by 0.6 pp to 2.1% and CY25 growth pegged at 1.7%
- Euro area growth will be a sore spot and see just 0.9% growth in CY24 (revised down by 0.3pp from Oct'23) and 1.7% in CY25
- Chinese recovery will be more buoyant by 0.4 pp from previous forecast to 4.6% in CY24, while it is expected to grow at 4.1% in CY25
- India's growth projections were increased by 0.2 pp each for FY25 (6.5%) and FY26 (6.5%). This was largely based on resilient domestic factors
- Headline inflation is expected to grow at a faster pace that earlier expected in CY24 for EMs while AEs will see a cooling vs. before

China's manufacturing activity rebounds slightly, albeit contractionary (Source: SCMP): Official Manufacturing PMI for Jan'23 stood at 49.2, in line with forecasts and slightly higher compared to the 49 prints in Dec'23, led by new external orders. Large manufacturers did better than small ones, with the former showing high capacity utilisation. Non-manufacturing PMI remained above the watermark, registering 50.7 in Jan'24, an improvement from Dec'23.

ECB open to tweaking policy tools to help with climate goals (Source: Bloomberg, ECB): The ECB has started weaving in climate considerations into its policy tools, as indicated in its 2024-25 Climate and Nature Plan. These steps could include, as per media sources, adjusting its corporate bond purchase programme to reward issuers with better sustainability performance.

Eurozone economy stagnated in Q4CY23, narrowly skirts recession (Source: CNBC): As per a preliminary flash estimate, real GDP saar remained unchanged in Q4CY23, against expectations of 0.1% fall q/q (Q3CY23: -0.1%), led by German economy contracting 0.3% q/q while Spain outperformed expectations and France was steady.

ECB policymakers confident on the inflation's path, hint on greener monetary policy (Source: Forexlive, Reuters):

- Mr. Makhoul is confident that the economy is reaching the inflation target which was reiterated by Mr. Nagel
- Mr. Vujcic said that ECB is likely to cut rates in small increments with pauses, to aid economic growth
- Ms. Lagarde was of the view that the economic conditions need to be further disinflationary before cutting rates

Domestic:

Union mulls tweaking PLI schemes in certain key sectors (Source: ET): As per media sources, the Union is considering fine tuning the PLI for textiles, food processing and pharmaceuticals. The changes would help these sectors attract more players and bring them in line with well-performing PLI schemes.

Shipping may get infra tag in boost for shipbuilding, vessel owners (Source: Mint): As per media sources, Union is working on a plan to grant infrastructure status to the shipping industry, including coastal shipping, to promote ownership and construction of vessels in the country. This would allow shipping entities to secure earlier financial access from commercial banks with long-term repayment periods at low interest rates

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SBICAPS Daily Digest

RBI to induce liquidity for Standalone Primary Dealers (Source: RBI): An additional aggregate amount of Rs. 50 bn has been made available to SPDs under the Standing Liquidity Facility at the prevailing repo rate starting from 31 Jan'24.

Customs to ease export norms for certain dual-use goods: DGFT (Source: BS): As per media sources, Union is working to liberalise export norms for dual-use SCOMET products namely Special Chemicals, Organisms, Materials, Equipment and Technologies. The liberalized norms will be applicable for only specific companies with proven track record.

SGS and VRR auctions conducted successfully (Source: RBI)

- 1-day VRR worth Rs. 250 bn were auctioned against a notified amount of Rs. 250 bn and bid received of Rs. 690 bn, at cut-off rate of 6.74%
- SGS worth Rs. 262.1 bn were auctioned by 12 states, against a notified amount of Rs. 262.1 bn, with cut-off yields for 10Y paper being in the range of 7.62% to 7.70%

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