

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.00	7
US 2Y*	4.38	5
Germany 10Y	2.12	10
UK 10Y	3.72	9
Japan 10Y	0.61	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.10	-1
7.18% GS 2033* (10Y)	7.22	1
7.18% GS 2037*	7.34	0
91-day T-bill	6.94	0
182-day T-bill	7.15	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	69	85	20	52
AA	133	148	84	119
A	323	340	278	314

Source: FIMMDA, as on 03 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	5.39

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	113.0	6.70
Triparty Repo	3,725.8	6.69
Market Repo	1,408.7	6.73
Repo in corporate bond	0.8	7.74

Source: RBI, as of 04 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,848	0.7
NIFTY	21,659	0.7
NASDAQ	14,510	-0.6
S&P 500	4,689	-0.3
Nikkei 225	33,443	-0.1
Euro Stoxx 50	4,474	0.6

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	77.9	-0.8
Natural gas Nymex (USD/MMBtu)	2.8	3.0
Gold Comex (USD/t oz.)	2,053.0	0.2
Copper Comex (USD/lb)	385.0	-0.5
Wheat cbot (USD/bu.)	615.5	2.1

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.23	-0.1
GBP/ INR	105.63	0.2
EUR/ INR	91.05	0.2
EUR/USD	1.09	0.2
DXY Index	102.43	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Event:

India: G-sec auction, VRR auction; **Services PMI Dec'23:** India, Japan; **Eurozone:** CPI Dec'23; **US:** Non-Farm Payrolls Dec'23, unemployment rate Dec'23

News:

International:

Services PMI recovers globally (Source: S&P Global):

- Global services PMI rose to 5-month high of 51.6 in Dec'23, from 50.6 in Nov'23, indicative of strong service sector in CY23 with improved new businesses and job creation. Global composite PMI rose to 51 in Dec'23 from 50.5 in Nov'23, despite laggard manufacturing.
- US services PMI posted 51.4 in Dec'23, higher than the reading of 50.8 in Nov'23, with improving demand conditions and new orders. Composite PMI edged higher to 50.9 in Dec'23 from 50.7 in Nov'23
- Eurozone services PMI inched up to 5-month high of 48.8 in Dec'23, from 48.7 in Nov'23, with moderating downturn in new businesses. Composite PMI remained flat at 47.6 in Dec'23
- China services PMI rose to 52.9 in Dec'23, from 51.5 in Nov'23, highest reading since Jul'23, aided by robust new businesses and increased foreign demand. Composite PMI rose to 52.6 in Dec'23, from 51.6

US labour market doesn't show signs of relenting (Source: CNBC, Reuters): US private payrolls increased by 164k in Dec'23, after rising by 101k in Nov'23, higher than market expectations of 130k. US initial jobless claims fell 18k to 202k in the week ending 30th Dec'23. Low layoffs were underscored as job cuts announced by US employers dropped 24% m/m to 34.8k in Dec'23.

German inflation increases less than expected in Dec'23 (Source: Reuters): German CPI rose by 3.8% y/y in Dec'23, quickening less than estimated 3.9% y/y, with price rise largely due to surge in energy prices due to reduction in government subsidies on gas, electricity and food.

Domestic:

CERC issues draft tariff norms for FY25-FY29 (Source: NDTV Profit): CERC has raised the return on equity for new storage-based hydro power projects, including pumped hydro to 17% from the initial 16.5%, meanwhile keeping majority of the norms unchanged for thermal and existing transmission projects at 15.5%, in its draft regulations with effect from 1st Apr'24. RoE has been toned down marginally to 15% for new transmission projects commissioned from 1st Apr'24.

Union to aim for a modest disinvestment target for FY25 (Source: FE): According to media sources, Union may aim for a modest disinvestment target of Rs. 300 bn in FY25, 60% lower than its Rs. 510 bn FY24BE, partly considering elections which could dissuade any big ticket stake sale even if it is initiated. Few more OFS are expected in Q4FY24, which were already in the pipeline and haven't yet met the minimum public shareholding criteria for listed firms.

Funding winter woes continue for fintech firms (Source: FE): Financial technology startups raised USD 2bn in funding in CY23, down 63% y/y from USD 5.4 bn raised in CY22 and far below USD 8.4 bn highs of CY21, amidst a broad-based slowdown in startup funding, albeit being the third widely funded sector globally in CY23. CY23 saw 144 rounds of funding for fintechs, much lower than the 504 in CY22.

Dividends from state-run firms may surpass FY24BE (Source: BS): According to media sources, Union is likely to exceed its target for dividends from state run firms by atleast Rs. 120 bn in FY24, offset by a shortfall from share sales which is expected to have a shortfall of 40%, yet meeting its FY24BE for fiscal deficit.

Railways freight loading achieves robust growth in Dec'23 (Source: PIB): Original freight loading of 139 mn tonnes was achieved in Dec'23, higher 6.37% y/y, with revenues of Rs. 151 bn showing an improvement of 3.6% y/y. In 9MFY24, freight loading achieved 1154 mn tonnes, growing by 4.08% y/y.

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