

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.94	-8
US 2Y*	4.25	0
Germany 10Y	2.16	-11
UK 10Y	3.79	-11
Japan 10Y	0.73	0

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.04	1
7.18% GS 2033* (10Y)	7.14	-1
7.18% GS 2037*	7.23	-1
91-day T-bill	7.04	2
182-day T-bill	7.18	-1
364-day T-bill	7.15	-2

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	69	77	88	52
AA	131	142	155	121
A	321	332	345	313

Source: FIMMDA, as on 30 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	8.80
SOFR	5.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	131.9	6.79
Triparty Repo	3,288.0	6.70
Market Repo	1,464.3	6.77
Repo in corporate bond	4.8	7.05

Source: RBI, as of 31 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,752	0.9
NIFTY	21,726	0.9
NASDAQ	15,164	-2.2
S&P 500	4,846	-1.6
Nikkei 225	36,287	0.6
Euro Stoxx 50	4,648	-0.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	81.7	-1.0
Natural gas Nymex (USD/MMBtu)	2.2	3.3
Gold Comex (USD/t oz.)	2,063.6	0.6
Copper Comex (USD/lb)	388.4	-0.3
Wheat cbot (USD/bu.)	593.3	-1.7

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.02	-0.1
GBP/ INR	105.24	-0.1
EUR/ INR	89.68	-0.2
EUR/USD	1.08	0.0
DX Index	103.51	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

Manufacturing PMI Jan'24: India, US, China, Eurozone; **India:** Union Budget; **US:** Jobless Claims; **Eurozone:** CPI Jan'24; **Policy Rate:** UK, Brazil, Chile; **OPEC:** Meeting

News:

International:**US FOMC keeps rates unchanged for 4th time (Source: US Federal Reserve):**

- US FOMC kept the target range for Federal Funds rate at 5.25%-5.5%, with no expectations of cuts before inflation sustainably aligns to 2% target.
- Inflation has eased over CY23 but remains elevated along with moderating job gains despite low unemployment rate.
- Chair Mr. Powell declared that the economy is doing good with more to come with inflation-unemployment balance improving, although he was unsure whether the FOMC will be confident of a cut in Mar'24

US private payroll growth and wage inflation slow in Jan'24 (Source: CNBC, Reuters): According to ADP report, private payroll addition slowed to 107k in Jan'24, from 158k in Dec'23, below expectations of 150k. Labour costs rose less than expected in Q4CY23; the employment cost index rose slowest since Q2CY21.

Inflation cools in the largest countries of Europe (Source: Euro News): Germany's CPI rose by 2.9% y/y in Dec'23, its lowest since Jun'21. France's CPI rose by 3.1% y/y in Dec'23, from 3.7% y/y in Nov'23, due to falling prices of food, energy and manufactured goods. ECB official Mr. de Guindos remarked that inflation has recently brought positive surprises and growth prospects have deteriorated.

Factory activity in Asia rises marginally in Jan'24 (Source: Reuters):

- China's manufacturing PMI came out unchanged at 50.8 in Jan'24 from Dec'23, above expected 50.6, due to boost in export orders
- Japan's manufacturing PMI rose marginally to 48 in Jan'24, from 47.9 in Dec'23, remaining contractionary due to tepid demand.

Rising financial stress forces China to merge hundreds of rural banks (Source: Bloomberg): China has merged 2,100 rural banks with USD 6.7 trn in assets into regional giants amidst growing signs of financial stress with mounting bad loans, shrinking margins and low growth.

Latin American Central Banks continue cutting rates on slowing inflation (Source: Reuters, Bloomberg):

- Brazil cut its policy rate at an expected pace of 50 bps to 11.25% as more than expected slowing of inflation provides relief to policymakers
- Colombia maintained its pace of easing at 25 bps to 12.75%, lower than expected, as upside risks to inflation looms large, amidst El-Nino effect
- Chile's central bank cut policy rates by 100 bps to 7.25%, as inflation edges closer to the Central Bank's target of 3%

Domestic:

Union fiscal deficit lower in FY24 (Source: Mint): Union fiscal deficit came in at Rs. 9.82 trn in 9MFY24 at 55% of FY24BE, lower than 59.8% of FY23BE in 9MFY23. Total revenue stood at Rs. 20.71 trn (76.8% of FY24BE) with tax revenues reaching Rs. 17.29 trn and non-tax revenues at Rs. 3.12 trn, while expenditure stood at Rs. 30.5 trn (67.8% of FY24BE) in 9MFY24.

GST collections second highest ever in Jan'24 (Source: Mint): GST collections increased by 10.4% y/y to Rs. 1.72 trn in Jan'24, Union settled Rs. 435 bn to CGST and Rs. 372 bn to SGST from IGST collections. GST collections in 9MFY24 rose by 11.6% y/y to Rs. 16.7 trn in 9MFY24.

Core sectors growth slowest in 14 months (Source: ET): Eight core sectors grew by 3.8% y/y in Dec'23, down from 7.9% y/y in Nov'23, as all sectors registered positive growth bar crude oil, which fell by 1% y/y in Dec'23. Notably, coal grew by 10.6% y/y in Dec'23, while natural gas rose by 6.6% y/y and steel grew by 5.9% y/y.

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Union slashes import duty on mobile phone components (Source: BS): Union announced that it is reducing the import duty on parts used for manufacturing of phones from 15% to 10% to boost domestic production and enhance export competitiveness.

Non-food bank credit registers robust growth in Dec'23 (Source: RBI):

- Non-food bank credit grew by 15.8% y/y in Dec'23, inching below 16.3% y/y growth in Nov'23, but above 15.3% y/y print of Dec'22
- Credit to agriculture accelerated to 19.5% y/y in Dec'23, from 18.2% y/y in Nov'23
- Credit to industry grew at 8.1% y/y in Dec'23, higher than 6.1% y/y in Nov'23, driven by growth in food processing and textiles, offset by slower growth in basic metals, chemicals and infrastructure
- Credit to services grew by 19.6% y/y in Dec'23, lower than 21.9% y/y in Nov'23, due to slower growth in credit to NBFCs
- Personal loans growth slowed to 17.7% y/y in Dec'23, from 18.6% y/y in Nov'23, due to moderation in credit growth to housing and vehicles

Lending and deposit rates of SCBs (Source: RBI):

- WALR on fresh rupee loans fell to 9.32% in Dec'23 from 9.41% in Nov'23, while WALR on outstanding rupee loans edged upwards to 9.85% in Dec'23 from 9.83% in Nov'23. 1Y MCLR of SCBs rose to 8.8% in Dec'23 from 8.75% in Nov'23.
- WADTDR on fresh rupee term deposits increased to 6.49% in Dec'23 from 6.34% in Nov'23, and the WADTDR on outstanding rupee term deposits rose to 6.83% in Dec'23 from 6.78% in Nov'23.

T-Bills auctions conducted successfully (Source: RBI): 91-day T-Bills worth Rs. 100 bn were auctioned against a notified amount of Rs. 80 bn, at a cut-off yield of 7.0446%. 182-day T-Bills worth Rs. 110 bn were auctioned against a notified amount of Rs. 100 bn, at cut-off yield of 7.1845%. 364-day T-Bills worth Rs. 90 bn were auctioned against a notified amount of Rs. 90 bn, at a cut-off yield of 7.1541%.

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