

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.18	4
US 2Y*	4.48	4
Germany 10Y	2.38	3
UK 10Y	4.08	3
Japan 10Y	0.71	1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.08	4
7.18% GS 2033* (10Y)	7.11	3
7.18% GS 2037*	7.13	3
91-day T-bill	7.01	0
182-day T-bill	7.15	0
364-day T-bill	7.11	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	93	55	78	46
AA	154	116	143	115
A	344	306	333	307

Source: FIMMDA, as on 08 Feb, 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	103.1	6.73
Triparty Repo	3049.2	6.73
Market Repo	1624.1	6.77
Repo in corporate bond	4.9	6.96

Source: RBI, as of 09 Feb, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,595	0.2
NIFTY	21,782	0.3
NASDAQ	15,991	1.2
S&P 500	5,027	0.6
Nikkei 225	36,897	0.1
Euro Stoxx 50	4,716	0.1

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.2	0.8
Natural gas Nymex (USD/MMBtu)	1.9	-1.1
Gold Comex (USD/t oz.)	2,038.7	-0.5
Copper Comex (USD/lb)	368.2	-0.7
Wheat cbot (USD/bu.)	596.8	1.1

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.03	0.1
GBP/ INR	104.81	0.1
EUR/ INR	88.42	-1.0
EUR/USD	1.08	0.1
DXY Index	104.08	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: IIP Dec'23, CPI Jan'24

News:

International:

China bank loans hit all-time monthly high in Jan'24 (Source: SCMP): New CNY denominated loans reached a record high of CNY 4.92 trn in Jan'24 from CNY 4.9 trn in Jan'23. Aggregate social financing, a broader measure of credit extended, was up by 8.44% y/y to CNY 6.50 trn in Jan'24 from CNY 5.99 trn in Jan'23.

US Fed officials express satisfaction over inflation progress (Source: Forexlive):

- Mr. Bostic mentioned that inflation has been too high for too long, yet economy is on a path to pre pandemic economic strength
- Ms. Logan said that she does not see any urgency to adjust rates

Shadow bank loans from US lenders surpass USD 1 trn (Source: Bloomberg): US banks loans to shadow banks surpassed USD 1 trn mark even as regulators warn of potential risks to the financial system. The loans were about USD 894 bn in last year.

ECB officials expects rate cuts in CY24 (Source: Forexlive):

- Mr. Kazaks while noting decline in inflation expressed that this year would see rate cuts, but cautioned against expectations for spring cuts
- Mr. de Galhau said that ECB is likely to reduce rates sometimes within the current year.
- Mr. Panetta commented that the time for reversal of the monetary policy stance is fast approaching. He mentioned quick and gradual rate cuts is better than later and larger.

EU reaches tentative agreement on fiscal rules (Source: Bloomberg): EU hashed out an agreement on fiscal reform to reduce debt. It will protect investment in key areas such as defence and the green transition. It will set fiscal path for nations whose government debt exceeds 60% of GDP or deficit is above 3% of GDP.

Domestic:

Net direct tax collection reached 80% of FY24RE (Source: ET): Net direct tax collection stood at Rs. 15.60 trn as of 10 Feb'24, reaching 80% of FY24RE at Rs. 19.45 trn. The gross collections till 10 Feb'24 increased by 17.3% y/y to Rs. 18.38 trn from same period in FY23.

CPSE investments 20% y/y higher in 10MFY24 (Source: FE): Large CPSEs achieved 83% of their combined capital expenditure target of Rs. 7.33 trn for FY24 in 10MFY24 by spending Rs. 6.09 trn. The capex grew by 20% y/y in 10MFY24 compared with Rs. 5.06 trn in the 10MFY23 (78% of FY23 target).

PLI scheme's progress slows in key sectors (Source: BS): Union was hoping to see investment worth Rs 497 bn in FY24. Of this, only 61.8% i.e. over Rs 307 bn has been made in all the 14 sectors in 9MFY24. Investment growth is significantly slow" in textiles, information technology hardware, and specialty steel in FY24.

Steel exports up in Jan'24 (Source: The Hindu Businessline): Steel exports grew over 30% m/m and 43% Y/Y to 0.9 mn tonnes in Jan'24. With moderation in imports and a corresponding uptick in outbound shipments, the country remained a net importer for the 10MFY24.

Union enhances outlay for FAME 2 scheme (Source: PIB): Union has enhanced the scheme outlay of FAME India phase 2 from Rs. 100 bn to Rs. 115 bn. The subsidies for demand incentive will be eligible for e-2w, e-3w and e-4w sold till 31 Mar'24.

Union provides Rs. 1.71 trn as fertiliser subsidy till Jan'24 (Source: ET): Union has provided nearly Rs. 1.71 trn as fertilisers subsidy till Jan'24 in FY24 to ensure affordable prices and adequate availability of fertilizers.

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EPFO recommends increase in interest rate on EPF for FY24 (Source: The Hindu Businessline): As per media sources, EPFC has fixed an 8.25% interest rate on employees' provident fund for FY24. It had raised interest rate on EPF to 8.15% for FY23 from 8.10% in FY22.

RBI plans tokenisation of assets, bonds (Source: RBI): Mr. Sankar, Dy. Governor, said the RBI is planning tokenisation of assets and government bonds under the wholesale Central Bank Digital Currency (CBDC) pilot project. He also mentioned that NBFCs CRAR is estimated to be at 22.0% at baseline scenario. While, for liquidity risk many NBFCs are expected to face negative cumulative mismatch.

G-sec and VRR auctions concluded successfully (Source: RBI):

- 7.37% GS 2028 worth Rs. 70 bn were auctioned (notified: Rs 70 bn) at a cut-off yield of 7.0640%. 7.18% GS 2033 worth Rs. 160 bn were auctioned (notified: Rs 160 bn) at a cut-off yield of 7.0964%. 7.30% GS 2053 worth Rs. 100 bn were auctioned (notified: Rs 100 bn) at a cut-off yield of 7.1361%.
- A 14-day VRR auction was conducted for a notified amount of Rs. 1.75 trn. Against this, bids of Rs. 2.42 trn were received, and Rs. 1.75 trn were allotted at a cut-off rate of 6.71%
- A 3-day VRR auction was conducted for a notified amount of Rs. 400 bn. Against this, bids of Rs. 351 bn were received, and Rs. 351 bn were allotted at a cut-off rate of 6.51%

Chhattisgarh presents Budget for FY25 (Source: Government of Chhattisgarh): Highlights:

- The state expects revenue receipts to surge 22% y/y to Rs.1.47 trn (FY25BE vs. FY24BE), even though no additional tax is imposed.
- Total expenditure would be Rs. 1.47 trn, a rise of 22% y/y (FY25BE vs. FY24BE), with a 20% rise in capex, while revenue expenditure is set to rise by 22%. The latter will remain dominant in absolute terms at ~5/6th the total expenditure.
- Fiscal deficit for FY25BE would be at 162.96 bn (2.90% of GSDP), higher as against 2.99% for FY24BE.
- Further, the state nominal GSDP is expected to rise by 11% to Rs. 5.6 trn from Rs. 5.05 trn.
- Rs. 84 bn has been allocated for construction of 1.8 mn houses under PMAY, Rs. 100 bn under Krishak Unnati Yojana for strengthening farmers and Rs. 45 bn for Jal Jeevan Mission

Telangana goes heavy on poll promises as it presents Rs. 2.76 trn Interim Budget for FY25 (Source: CNBC, The Hindu Businessline, ET): Revenue expenditure is expected to be Rs. 2.01 trn in FY25BE, as against capital expenditure of Rs. 297 bn. Major allocations are to Panchayati Raj and Village Development (Rs. 401 bn), Irrigation (Rs. 280 bn), and Education (Rs. 214 bn). Notably, Rs. 532 bn has been allocated towards six key poll promises, including Rs. 24 bn for the power scheme

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