

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.18	0
US 2Y*	4.47	-1
Germany 10Y	2.36	-2
UK 10Y	4.05	-3
Japan 10Y	0.71	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.08	-1
7.18% GS 2033* (10Y)	7.09	-1
7.18% GS 2037*	7.13	0
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	92	47	52	45
AA	153	108	117	114
A	343	298	307	306

Source: FIMMDA, as on 09 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	124.8	6.76
Triparty Repo	3,192.6	6.73
Market Repo	1,694.3	6.78
Repo in corporate bond	4.6	7.08

Source: RBI, as of 12 Feb, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,072	-0.7
NIFTY	21,616	-0.8
NASDAQ	15,943	-0.3
S&P 500	5,022	-0.1
Nikkei 225	36,897	0.0
Euro Stoxx 50	4,746	0.6

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.1	-0.1
Natural gas Nymex (USD/MMBtu)	1.8	-4.9
Gold Comex (USD/t oz.)	2,032.9	-0.3
Copper Comex (USD/lb)	374.1	1.6
Wheat cbot (USD/bu.)	594.3	-0.4

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.00	0.0
GBP/ INR	104.67	-0.1
EUR/ INR	89.25	0.9
EUR/USD	1.08	-0.2
DX Index	104.22	0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS auction; US: CPI Jan'24; Japan: PPI Jan'24; Germany: ZEW Feb'24

News:

International:

IMF MD Ms. Georgieva very confident on soft landing, sees rate cuts coming (Source: Reuters): She expressed that The IMF is now very confident that the global economy will experience a soft landing. Further, she mentioned that interest rates would likely begin to decrease around the middle of the year. However, she cautioned that a prolonged conflict between Israel and Hamas could have repercussions on global economies.

US Jan'24 Budget deficit drops sharply as receipts grow, tax refunds fall (Source: Reuters): The federal budget deficit fell sharply in Jan'24 to USD 22 bn as receipts hit a record for that month, partly because tax refunds fell after the IRS cleared a backlog of pandemic-delayed tax returns. For 4MFY24, the receipts were up 8% y/y at USD 1.58 trn, while outlays were up 10% at USD 2.12 trn, leading to a deficit, that was up 16% y/y at USD 532 bn. This was largely on account of higher interest costs.

US Fed members see fight against inflation as ongoing (Source: Bloomberg):

- Ms. Bowman said that it was too soon to project when and how much the Fed will cut
- Mr. Barkin warned that US businesses, might be reluctant to stop their habit of significant price hike, given it increased their margins in the past

ECB members satisfied that inflation moving in right direction (Source: Forexlive):

- Mr. Cipollone said policy doesn't need to create more slack to manage inflation as demand remains weak and inflation expectations stay anchored
- Mr. Wunsch was of the view that risks on inflation are quite limited, and a decision on rate cuts would have to be taken at sometime.

Domestic:

Retail inflation dips to 3-month low (Source: PIB, FE):

- CPI increased by 5.1% y/y, in line with forecasts of 5.09% increase (Dec'23: 5.69%) while core inflation was lower at 3.6% (Dec'23: 3.9%). Rural inflation at 5.3% was higher as compared to 4.9% for urban areas.
- Food inflation remained high at 8.3% y/y led by vegetables (27.0%), pulses (19.5%) and spices (16.4%), while oils and fats decelerated. Fuel and light inflation also decelerated by 0.6%.
- On a sequential basis CPI declined by 0.11% m/m

Industrial production grows 3.8% y/y in Dec'23 (Source: PIB): IIP grew 3.8% y/y in Dec'23 vs. 3.6% in Nov'23 (forecast: 2.4%), on the back of 5.1% and 3.9% y/y growth in mining and manufacturing respectively, while electricity grew by 1.2%. As per use-based classification, consumer durables grew the highest by 4.8% y/y, followed by primary goods grew by 4.6%. For 9MFY24 the IIP saw a growth of 6.1%.

Bond yields to soften with moderating inflation (Source: NDTV Profit): RBI governor Mr. Das said that as inflation continues to moderate, bond yields will also soften and borrowing costs will come down. He said that the lower borrowings chalked out by the Union would help increase private bank lending, by giving banks more space to lend.

MNRE brings back ALMM for solar modules (Source: ET): The MNRE has reimposed the regulation with effect from 1 Apr'24. However, relaxation in ALMM will apply to all cases where the projects are in the advanced stage of construction and the order for the modules has been placed before 31 Mar'24. Further, it will apply to solar rooftops and PM KUSUM, which are subsidised and not to projects set up under open access or as captive by private parties.

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VRR auctions conducted successfully (Source: RBI):

- 4-day VRR worth Rs. 250 bn was auctioned against notified amounts of Rs. 250 bn and Rs. 1,233 bn offers received, at cut-off rate of 6.70%
- A 2nd 4-day VRR worth Rs. 250 bn was auctioned against a notified amount of Rs. 250 bn and Rs. 973 bn offers received at cut-off rate of 6.66%.

Assam presents Budget for FY25 (Source: ET, Government of Assam): Highlights:

- Aggregate receipts stand at Rs. 2.90 trn, of which Rs. 1.44 trn is receipt to the Consolidated Fund, Rs. 1.45 trn to the Public Account. No new taxes were proposed
- Aggregate expenditure will be Rs. 2.89 trn, of which Rs. 1.44 trn will from the Consolidated Fund and Rs. 1.43 trn from the Public Account. Capital expenditure is at Rs. 200 bn in FY25BE (FY24BE = Rs. 284 bn). 1000 MW of renewable plants are expected to be set up
- Nominal GSDP is expected to rise by 12.8% to Rs. 6.43 trn in FY25BE

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