

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.25	2
US 2Y*	4.60	4
Germany 10Y	2.36	3
UK 10Y	4.05	1
Japan 10Y	0.72	-1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.07	-4
7.18% GS 2033* (10Y)	7.09	-2
7.18% GS 2037*	7.12	-4
91-day T-bill	7.05	0
182-day T-bill	7.18	0
364-day T-bill	7.15	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	86	66	49	52
AA	147	127	114	121
A	337	317	304	313

Source: FIMMDA, as on 14 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	5.30

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	112.4	6.66
Triparty Repo	3,627.6	6.64
Market Repo	1,513.9	6.68
Repo in corporate bond	6.4	6.88

Source: RBI, as of 15 Feb, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,050	0.3
NIFTY	21,911	0.3
NASDAQ	15,906	0.3
S&P 500	5,030	0.6
Nikkei 225	38,158	1.2
Euro Stoxx 50	4,743	0.7

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.9	1.5
Natural gas Nymex (USD/MMBtu)	1.6	-0.6
Gold Comex (USD/t oz.)	2,016.2	0.5
Copper Comex (USD/lb)	376.9	1.8
Wheat cbot (USD/bu.)	563.0	-3.4

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.04	0.0
GBP/ INR	104.47	0.1
EUR/ INR	89.26	0.3
EUR/USD	1.08	0.3
DXI Index	104.41	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: G-Sec, VRR Auctions; US: Building Permits, Housing Starts, PPI Jan'24

News:

International:

US retail sales fall more than expected in Jan'24 (Source: Bloomberg): Retail sales fell by 0.8% m/m saar in Jan'24, against expectations of 0.2% fall (Dec'23: 0.6% rise), while core retail sales fell by 0.6%, against forecasts of 0.2% rise. The steepest decline since Mar'23 was led by weak building material and store sales.

US Fed policymaker wary of rate cuts (Source: Bloomberg): Mr. Bostic is of the opinion that it may take some time to hit rate cut threshold for inflation. He also believes that the risks to growth outlook have become more balanced.

UK enters technical recession, with CY23 growth stagnating (Source: BBC): UK GDP fell 0.3% q/q in Q4CY23, lower than expectations of 0.1% fall (Q3CY23: -0.1%), led by fall in all 3 main sectors namely services, production and construction. Real GDP grew by 0.1% y/y across CY23.

Inflation in the EU will fall faster, and economy grow more slowly (Source: EC): As per the European Commission's Winter 2024 Economic Forecast, in CY24, real growth is expected to reach 0.8% y/y (CY23: 1.2%) in the euro area. In the meantime, inflation should fall from 6.3% y/y in CY23 to 3.0% in CY24, and then drop to 2.5% in CY25.

ECB policymakers await more progress on disinflation (Source: Forexlive):

- Mr. Lane said that the impact of monetary policy tightening is unfolding and that there is a continued transmission of hikes to financing conditions. This was agreed to by Ms. Lagarde
- Mr. de Cos said that the next policy move will be a rate cut but noted that they still need some time to figure out the exact timing of the policy pivot

Domestic:**Trade deficit shrinks in Jan'24 (Source: ET, PIB):**

- Merchandise exports rose 3.12% y/y to USD 36.9 bn, led by iron ore, tobacco, cereals, spices, etc. Imports rose 3% y/y to USD 54.4 bn, with fertiliser, vegetable oil, etc imports falling significantly. Based on this, merchandise trade balance fell to 9-month low at USD 17.5 bn
- Service exports grew by 17% y/y to USD 32.8 bn, while imports grew moderately to USD 16 bn
- Overall, the trade deficit in Jan'24 printed USD 0.74 bn, against USD 3.85 bn deficit in Jan'23. For 10MFY24, the trade deficit reduced to USD 70.4 bn against USD 112 bn over the same period in previous year

Windfall tax on crude and diesel hiked (Source: CNBC): Windfall tax on domestically produced crude was hiked from Rs. 3200 per tonne to Rs. 3300 per tonne, on diesel from nil to Rs. 1.5 per litre, while kept unchanged at nil for petroleum and ATF.

RBI may relax evergreening rules for strategically important AIFs (Source: The Hindu Businessline): As per media sources, RBI may create a carve-out for strategically important funds from the restrictions imposed by the evergreening circular. Equity funds are expected to see some leeway but not much relaxation may be granted to debt funds. A cap on the exposure of an NBFC into an AIF may also be introduced.

Food price shocks pose challenges, green capital flows to emerging markets must grow (Source: BS): As per RBI Governor Mr. Das, recurring food price shocks and renewed geo-political risks pose challenges in tackling inflation. Additionally, financing for green projects is concentrated in advanced economies and capital flows to emerging markets economies must be bolstered urgently.

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February 16, 2024



SBICAPS Daily Digest

Awards of national highways slow, constructions rise (Source: MoRTH): MoRTH has awarded 3,481 kms of national highways in 10MFY24, against 8,400 kms in 10MFY23 while construction rose by 12.5% y/y to 7,658 kms. Total Rs. 2.3 trn capex has been made so far i.e. 86% of FY24RE.

Domestic air traffic up in Jan'24 (Source: Mint): The air traffic grew by 4.7% y/y in Jan'24 to 13.1 mn, while it was lower than the highs experienced in Dec'23 at 13.8 mn, led by frequent flight cancellations due to weather conditions. Air travel has rebounded from pandemic lows, with 153 mn passengers travelling in CY23, against pre-pandemic CY19 levels of 144.2 mn.

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