

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.27	-2
US 2Y*	4.60	-5
Germany 10Y	2.37	-4
UK 10Y	4.04	-7
Japan 10Y	0.72	0

Source: Bloomberg, \*semi-annual

## G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.06	-2
7.18% GS 2033* (10Y)	7.06	-4
7.18% GS 2037*	7.10	-2
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	93	69	43	63
AA	150	130	107	98
A	340	319	298	325

Source: FIMMDA, as on 16 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	119.32	6.70
Triparty Repo	3,575.97	6.46
Market Repo	1,664.04	6.64
Repo in corporate bond	6.25	6.90

Source: RBI, as of 20 Feb, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	73,057	0.5
NIFTY	22,197	0.3
NASDAQ	15,631	-0.9
S&P 500	4,976	-0.6
Nikkei 225	38,363	-0.2
Euro Stoxx 50	4,760	-0.1

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.7	-1.0
Natural gas Nymex (USD/MMBtu)	1.7	9.6
Gold Comex (USD/t oz.)	2,039.5	0.6
Copper Comex (USD/lb)	388.0	1.7
Wheat cbot (USD/bu.)	578.3	3.4

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	82.97	-0.1
GBP/ INR	104.73	0.2
EUR/ INR	89.56	0.3
EUR/USD	1.08	0.5
DX Index	103.97	-0.4

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

**India:** T-bill Auction; **US:** FOMC Minutes; **Japan:** Trade balance Jan'24; **Indonesia:** Policy rate

## News:

## International:

**Japanese goods trade deficit comes in lower than expectations (Source: Bloomberg):** Japan merchandise trade balance for Jan'24 printed JPY 1.76 trn, against expectations of JPY 1.93 trn, with exports surging 11.9% y/y while imports fell 9.6%. The same was led by falling imports of oil, natural gas, and iron ore while exports were kept buoyant by semiconductors, manufacturing equipment, and cars.

**Leading Economic Index no longer signals US recession (Source: Reuters):** The Conference Board's Leading Economic Index no longer signals a coming recession for the US economy for the first time since the summer of CY22 even as the index declined in January to 102.7 for the 23rd month in a row.

## BoE policymakers sound dovish on policy (Source: Reuters, BS):

- Mr. Broadbent said interest rate cuts during CY24 were possible but the timing was dependent on an unclear outlook for inflation
- Mr. Bailey said inflation does not need to fall to its 2% target before policymakers back an interest-rate cut. Extent of policy easing depends on further progress being made on tackling sticky inflation

## Domestic:

**Fresh round of private investments to fuel growth (Source: RBI):** As per Feb'24 Monthly Bulletin:

- The likelihood of the global economy exhibiting stronger-than-expected growth in CY24 has brightened in recent months
- The domestic economy continues to sustain the momentum achieved in H1FY24, going by high frequency indicators. Real GDP growth is expected at 7% y/y for Q4FY23, higher than 6% forecast in Dec'23 MPC
- Investment cycle is gaining steam, driven by sustained government capex, rising capacity utilisation, increased flow of resources to the commercial sector, and policy support from schemes like the PLI scheme
- Inflation expectations in India may stabilise and edge down going ahead but renewed pressures from cereals and proteins cannot be ruled out
- Net FDI inflow fell to USD 9.7 bn in 9MFY24, from USD 21.6 bn in 9MFY23, mainly due to rise in repatriation of equity capital. ECB registrations increased to USD 5.1 bn in Dec'23 from USD 2.8 bn in Dec'22. Flow of NRI deposits surged to USD 9.3 bn in 9MFY24 vs. USD 5.4 bn in 9MFY23, led by gains in FCNR(B) deposits
- Debt-to-GDP ratio could decline to 73.4% by FY31 from an estimated 81.6% in FY24

## Union seeks USD 26 bn of private nuclear power investments (Source: Reuters):

According to media sources, using this investment, the government hopes to build 11,000 MW of new nuclear power generation capacity by CY40. While the rights to build and run the stations and their fuel management will rest with NPCIL, the private companies are expected to earn revenue from the power plant's electricity sales and NPCIL would operate the projects for a fee.

## SGS and VRR Auctions conducted successfully (Source: RBI):

- SGS worth Rs. 282 bn were auctioned by 12 states against a notified amount of Rs. 302 bn with cut-off yields for 10Y ranging between 7.44 to 7.49%. Gujarat did not accept any amount as against a notified amount of Rs. 20 bn
- 3-day VRR worth Rs. 500 bn were auctioned against a notified amount of Rs. 500 bn at a cut-off yield of 6.55%. Notably, bids worth Rs. 686 bn were received

Contd..

February 21, 2024



## SBICAPS Daily Digest

**Finance Ministry releases Jan'24 edition of its Monthly Economic Review (Source: DEA): Highlights:**

- Domestic economy is performing well, with risks evenly balanced, to achieve real GDP growth of 7% y/y in FY25, but geopolitical tensions and geo-economic fragmentation pose risks to the country's growth
- Prospects of healthy rabi harvesting sustained manufacturing profitability and underlying service resilience are supporting factors
- Persistent underlying inflation in developed countries could extend tight monetary conditions
- With the stable downward movement in core inflation and moderation in food prices, the outlook is for a reasonably low headline inflation rate

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**Details of Research Analysts**

Name	Rajan Jain	Name	Soham Bobde
Qualification	PGDBA	Qualification	MBA
Designation	Head- Credit Research	Designation	Associate

**Details of Research Analyst entity**

Name	SBI Capital Markets Limited
Registration Number	INH000007429
Address	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
Telephone Number	+91 22 4196 8300
Compliance Officer	Bhaskar Chakraborty
Email id	<a href="mailto:compliance.officer@sbicaps.com">compliance.officer@sbicaps.com</a>
Telephone Number	+91 22 4196 8542

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