

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.31	4
US 2Y*	4.66	6
Germany 10Y	2.45	8
UK 10Y	4.10	6
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*	7.06	-1
7.18% GS 2033* (10Y)	7.05	-1
7.18% GS 2037*	7.10	0
91-day T-bill	7.02	-3
182-day T-bill	7.19	1
364-day T-bill	7.13	-1

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	95	73	41	69
AA	152	134	105	139
A	342	323	296	331

Source: FIMMDA, as on 20 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	117.5	6.62
Triparty Repo	3,389.6	6.35
Market Repo	1,629.9	6.50
Repo in corporate bond	6.1	6.83

Source: RBI, as of 21 Feb, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,623	-0.6
NIFTY	22,055	-0.6
NASDAQ	15,581	-0.3
S&P 500	4,982	0.1
Nikkei 225	38,262	-0.3
Euro Stoxx 50	4,775	0.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	83.0	0.4
Natural gas Nymex (USD/MMBtu)	1.8	2.9
Gold Comex (USD/t oz.)	2,037.1	-0.1
Copper Comex (USD/lb)	387.9	0.0
Wheat cbot (USD/bu.)	576.0	-0.4

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	82.97	0.0
GBP/ INR	104.79	0.1
EUR/ INR	89.68	0.1
EUR/USD	1.08	0.1
DX Index	103.97	0.0

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: MPC Minutes; **Flash PMI Feb'24:** US, Japan, Eurozone; **US:** Existing Home sales Jan'24, Jobless Claims; **S. Korea:** Policy rate

News:

International:

US FOMC minutes anchor cautious policy approach (Source: US Federal Reserve, Reuters, CNBC): As per the minutes of the Jan'24 FOMC:

- Officials indicated that they were in no hurry to cut interest rates and expressed both optimism and caution on inflation. Policymakers noted the risk of moving too quickly to ease the stance of policy and emphasized the importance of careful assessing the incoming data in judging inflation
- Most participants judged the rate was likely at its peak for this tightening cycle but rate cuts won't be prudent until inflation is near 2% y/y
- Some officials said that amid uncertainty over how much liquidity the system needs, slowing the pace of contraction is a welcome step
- A more in-depth discussion on quantitative tightening is expected in Mar'24, as reserve holdings of the balance sheet are "ample". Some members noted that the runoff could continue even after cuts start
- Separately, Mr. Barkin said that economy still has ways to go to get a soft landing and Ms. Bowman mentioned that the time for lower rates is certainly not now

Global debt hits new record high: IIF (Source: Reuters): Global debt levels hit a new record high of USD 313 trn in CY23, with developing economies scaling a fresh peak for ratio of debt to GDP. The global debt surged by over USD 15 trn y/y in Q4CY23. The rise is majorly driven by US, France, and Germany.

China prepares to tighten grip with new laws (Source: Bloomberg): China started drafting a law to promote the development of the private sector economy. It has also banned major institutional investors from reducing holdings at open and close of each trading day.

German government slashes growth forecast (Source: Reuters): The German government expects the real GDP to grow by 0.2% y/y in CY24, far less than a previous forecast of 1.3%. The expected fall is attributed to weak global demand, geopolitical uncertainty, and persistent high inflation.

Japan downgrades economic view (Source: Bloomberg): Japan government downgraded its assessment of the economy in Feb'24 for first time in 3 months. The downgrade is driven by weakness in private consumption and production.

Domestic:

Regulators should maintain constant vigil: FM (Source: FE): Ms. Sitharaman asked financial regulators to maintain constant vigil and be proactive towards detecting emerging financial stability risks. She also asked to check spread of unauthorised lending through online apps.

AIF commitments top Rs. 10 trn for first time (Source: BS): The investment commitments received by AIFs have crossed the Rs. 10 trn amid a rising demand. The investment commitments stood at Rs. 10.84 trn an increase of 40% y/y as of Dec'23. AIFs have raised Rs. 4.3 trn of which Rs. 3.1 trn has been Category 2.

Coal PSUs surpass 95% of annual capex target (Source: PIB): Coal PSUs have achieved 95.83% of annual capex target of Rs. 210 bn in FY24. They are expected to exceed the capex target yet again after 113% spending in FY23.

Retailers see sluggish growth in Jan'24 (Source: The Hindu Businessline): Retail sales grew by 5% y/y in Jan'24. The retail businesses have shown discouraging trend in Jan'24 despite marriage season supported jewellery, food and grocery as most other categories witnessed minimal growth.

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T-bill auctions conducted successfully (Source: RBI): 91-day T-bills worth Rs. 120 bn were auctioned against a notified amount of Rs. 100 bn at a cut-off yield of 7.0184%. 182-day T-bills worth Rs. 160 bn were auctioned against a notified amount of Rs. 150 bn at a cut-off yield of 7.1888%. 364-day T-bills worth Rs. 91.2 bn were auctioned against a notified amount of Rs. 90 bn at a cut-off yield of 7.1336%.

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