

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.32	1
US 2Y*	4.71	5
Germany 10Y	2.44	-1
UK 10Y	4.10	0
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*	7.07	1
7.18% GS 2033* (10Y)	7.07	1
7.18% GS 2037*	7.11	1
91-day T-bill	7.02	0
182-day T-bill	7.19	0
364-day T-bill	7.13	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	78	78	56	48
AA	135	139	120	118
A	325	328	311	310

Source: FIMMDA, as on 21 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	104.75	6.55
Triparty Repo	3,587.65	6.34
Market Repo	1,657.98	6.46
Repo in corporate bond	6.55	6.82

Source: RBI, as of 21 Feb, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	73,158	0.7
NIFTY	22,217	0.7
NASDAQ	16,042	3.0
S&P 500	5,087	2.1
Nikkei 225	39,099	2.2
Euro Stoxx 50	4,855	1.7

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	83.4	0.5
Natural gas Nymex (USD/MMBtu)	1.7	-4.0
Gold Comex (USD/t oz.)	2,034.9	-0.1
Copper Comex (USD/lb)	390.9	0.8
Wheat cbot (USD/bu.)	580.5	0.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	82.85	-0.2
GBP/ INR	104.92	0.1
EUR/ INR	89.62	-0.1
EUR/USD	1.08	0.0
DXI Index	103.91	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; Germany: GDP Q4CY23

News:

International:**Marginal upturn in global business activity in Feb'24 (Source: S&P Global):**

- US flash manufacturing PMI rose to 51.5 in Feb'24 from 50.7 in Jan'24, while flash services PMI fell to 51.3 in Feb'24 from 52.5 in Jan'24 as composite PMI fell to 51.4 in Feb'24 from 52 in Jan'24.
- Eurozone flash services PMI hit expansionary territory at 50 in Feb'24, from 48.4 in Jan'24, while manufacturing PMI fell to 46.1 from 46.6, leading to marginal uptick from 48.5 in Jan'24 to 48.9 in Feb'24.

US labour and housing markets display vigour (Source: Reuters):

- US initial jobless claims fell by 12k to 201k in the week ending 17th Feb'24, lower than expected 218k while the 4-week average fell by 3.5k to 215k.
- US existing home sales increased 3.1% m/m to 4 mn units against expectations of 3.97 mn units on the back of moderating mortgage rates.

US Fed officials expect a bumpy road ahead for inflation (Source: ForexLive):

- Mr. Jefferson remains cautiously optimistic, despite disappointing CPI print, with expectations of rate cut later in CY24.
- Mr. Waller interjected that there is no need to rush for rate cuts, as the strength of economy and CPI print warrant a data dependant approach.
- Ms. Cook alludes to the dichotomy of cutting rates too soon vs too late and would like to see more data before deciding on cuts.
- Mr. Harker flags premature rate cuts as the biggest risk, and forecasts rate cuts to start only in H2CY24.

China home prices fall at slower pace (Source: Bloomberg): China's home prices declined at a slower pace for both new and existing units in Jan'24. New home prices in 70 cities excluding subsidized housing dropped by 0.37% m/m in Jan'24 from 0.45% m/m fall in Dec'23.

Turkey holds rates for first time in 8 months (Source: CNBC): Turkish central bank holds rates steady at 45%, in line with expectations, after a cumulative 36.5% hike since May'23, despite soaring inflation. The central bank has indicated that rates will remain at this level in CY24, until sustained decline of inflation.

Domestic:**RBI MPC Minutes: War on inflation not over (Source: RBI) Highlights:**

- Most members expressed that while growth remains strong, any premature policy moves could undermine the progress on disinflation. Geopolitical risks persist but none have materialized strongly
- Food price uncertainty remains a major source of volatility for headline inflation outlook. Further, Mr. Patra said high fuel inflation has also depressed PFCE, especially in rural areas
- Prof. Varma commented that the potential growth rate of the economy is 8% y/y, hence the economy is not overheating. He said a real interest rate of 2% instead of 1-1.5% could kill growth
- Ms. Goyal said that measures to keep the WACR in line with repo rate are required, as it has often exceeded the latter in the past few months

Venture debt market crossed USD 1 bn in CY23 (Source: Mint): Venture debt market surpassed USD 1.2 bn mark in CY23 as rising confidence fuelled deals in sector. This marks a 50% y/y jump from CY22 from 175 – 190 deals. the sector witnessed a CAGR of 34% in the last 6 years.

M&A activity bounces back in Jan'24 (Source: The Hindu Businessline): M&A activity jumps 78% y/y in Jan'24 on value terms to USD 6.3 bn, after hitting a 3-year low in CY23, despite number of deals falling 48% y/y, indicating higher average deal value.

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