

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.25	-7
US 2Y*	4.69	-2
Germany 10Y	2.36	-8
UK 10Y	4.03	-7
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)	7.08	1
7.18% GS 2037*	7.12	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	57	81	54	46
AA	114	142	118	116
A	304	331	309	308

Source: FIMMDA, as on 22 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	127.2	6.68
Triparty Repo	3,730.7	6.67
Market Repo	1,665.2	6.67
Repo in corporate bond	6.2	6.93

Source: RBI, as of 23 Feb, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	73,143	0.0
NIFTY	22,213	0.0
NASDAQ	15,997	-0.3
S&P 500	5,089	0.0
Nikkei 225	39,099	0.0
Euro Stoxx 50	4,872	0.4

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	81.6	-2.2
Natural gas Nymex (USD/MMBtu)	1.6	-5.3
Gold Comex (USD/t oz.)	2,049.0	0.7
Copper Comex (USD/lb)	390.1	-0.2
Wheat cbot (USD/bu.)	569.0	-2.0

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	82.95	0.1
GBP/ INR	105.00	0.1
EUR/ INR	89.61	0.0
EUR/USD	1.08	-0.2
DX Index	103.96	0.0

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

India: VRR auction; US: Building permits Jan'24, New home sales Jan'24

## News:

International:**US Fed members indicate timeline for rate cuts (Source: Bloomberg, CNBC):**

- Mr. Williams said that the economy is headed in the right direction, and it will likely be appropriate to cut interest rates later this year
- Harker said that it will likely be appropriate to cut interest rates this year but emphasized the risks of easing policy too soon.
- Mr. Waller said he needs to see more evidence that inflation is cooling before he is willing to support interest rate cuts

**ECB members hinge policy decision on wage data (Source: Bloomberg, Reuters):**

- Mr. Muller and Ms. Schnabel cautioned against lowering borrowing costs too early, as they viewed the rise in salaries to be too strong. Mr. Nagel agreed and said the ECB should look at crucial wage data in Q2CY24, a sentiment which Ms. Lagarde echoed
- Mr. Holzmann said he doesn't see interest-rate cuts in the euro area before the US

**German business climate brightens in Feb'24 (Source: IFO, Destatis):** The business climate index improved slightly to 85.5 in Feb'24 (Jan'24: 85.2; forecast: 85.5). While the current situation index remained unchanged, the expectations improved due to less pessimistic expectations as compared to Jan'24. This was reflected in the confirmation of morose GDP numbers for Q4CY23

**World steel production declines in Jan'24 (Source: WSA):** World steel production declined by 1.6% y/y in Jan'24 to 148.1 mn tonnes, led by China's production declining by 6.9% to 77.2 mn tonnes while India's production grew by 7.3% to 12.5 mn tonnes. Notably, Turkey and Iran saw a whopping increase of 24.7% and 39.3%, to 3.2 mn tonnes and 2.6 mn tonnes, respectively.

Domestic:**RBI MPC members say that excessively high real interest rate can dampen growth prospects (Source: Indian Express):**

- Mr. Varma said that the existing real interest rate of 2% exceeds the rate necessary to reduce inflation to the 4% target. He is concerned that such elevated real rates might hinder economic growth prospects and impede the resurgence of private capex. Further, he said that the disconnect between RBI rate corridor and call rate represents serious friction.
- Mr. Bhide said that sustained high growth requires a moderate inflation rate. However, real rates above 2% may hinder growth sustainability

**Monthly household consumer spending more than doubled in last decade (Source: CNBC):** According to the household consumption expenditure survey:

- The average nominal monthly per capita consumption expenditure surged to Rs. 6,459 in urban areas in FY23 from Rs. 2,630 in FY12. Similarly in rural areas, it jumped to Rs. 3,773 from Rs. 1,430 at current prices.
- In real terms (constant FY11 prices), prices rose to Rs. 3,510 in urban areas in FY23 from Rs. 2,630 in FY12, while in rural areas, they jumped to Rs. 2,008 from Rs. 1,430 in FY12.
- Proportion of food spending declined for rural households to 46.4% from 52.9% in FY12, and for urban households to 39.2% from 42.6%, during the same time period

**Asset monetisation seen to surpass Rs 1.67 trn target in FY25 (Source: FE):** Media reports suggest that the Centre's asset monetization initiative is poised to achieve record-breaking proceeds in FY25. With three years of experience and the development of pipelines, state-run agencies are expected to surpass the FY25 target of Rs 1.67 trillion by a significant margin.

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February 26, 2024



## SBICAPS Daily Digest

**Highway construction to be around 12-13k km in FY24 (Source: BS):** According to a MoRTH official, a stricter review process of the projects, and follow-up meetings with the state governments might have slowed down the construction but has improved the quality of the roads across the country

**Annual defence production target set at Rs 3 trn and defence exports worth Rs 500 bn by FY29 (Source: ET):** Defence Minister Mr. Singh noted the substantial advancement in defence exports, amounting to Rs 160 bn. He said added that the government's focus on domestic defence production and strategic acquisitions underscores its dedication to bolstering national security. Further, he highlighted the pivotal role of start-ups in the defence sector, intending to harness their innovations to elevate India's global standing in defence manufacturing.

**Haryana presents Rs. 1.89 trn Budget for FY25 (Source: Government of Haryana):** Highlights of the Budget:

- Revenue receipts are expected to rise 10% to Rs. 1.16 trn (FY25BE vs. FY24RE), based on sharp growth in tax revenues, particularly own tax revenue. Non-tax revenues will decline due to lower with grants from the Union
- Total expenditure will grow by 11% to Rs. 1.89 trn (FY25BE vs. FY24RE), with revenue expenditure increasing by 13%. Government proposed to waive-off interest and penalty on the crop loan and said that no new taxes are proposed in this year's budget.
- Fiscal deficit would come in at Rs. 336.34 bn in FY25BE, which is 2.77% of GSDP (down from 2.80% of GSDP in FY24RE). This would be funded by borrowings of Rs. 336 bn in FY25BE (10% higher from FY24RE)
- Nominal state GSDP is expected to grow by 11% (FY25BE vs. FY24RE)

**VRR auctions conducted successfully (Source: RBI):** 13-day VRR worth Rs. 1 trn were auctioned against a notified amount of Rs. 1 trn at a cut-off yield of 6.62%. Notably, bids worth Rs. 2.05 trn were received.

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