

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.27	2
US 2Y*	4.72	3
Germany 10Y	2.44	8
UK 10Y	4.16	13
Japan 10Y	0.69	-2

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)	7.06	-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: CCLL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	70	84	54	47
AA	127	145	118	117
A	317	334	309	309

Source: FIMMDA, as on 23 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	5.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	122.5	6.69
Triparty Repo	3,675.5	6.70
Market Repo	1,650.8	6.71
Repo in corporate bond	5.7	6.87

Source: RBI, as of 26 Feb, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,790	-0.5
NIFTY	22,122	-0.4
NASDAQ	15,976	-0.1
S&P 500	5,070	-0.4
Nikkei 225	39,233	0.3
Euro Stoxx 50	4,864	-0.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.5	1.1
Natural gas Nymex (USD/MMBtu)	1.6	0.0
Gold Comex (USD/t oz.)	2,041.8	-0.4
Copper Comex (USD/lb)	384.5	-1.4
Wheat cbot (USD/bu.)	576.3	1.3

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	82.90	-0.1
GBP/ INR	105.08	0.1
EUR/ INR	89.86	0.3
EUR/USD	1.09	0.5
DXY Index	103.76	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS Auction; **Japan:** CPI Jan'24; **Nigeria:** Policy Rate; **US:** Durable Goods Orders Jan'24

News:

International:**US officials sanguine on growth, push back rate cuts (Source: Reuters):**

- Treasury Secy. Ms. Yellen said the economic strength of US had underpinned global growth which exceeded expectations, while stating that economic and geopolitical challenges pose risk to global outlook.
- US Fed official Mr. Schmid told rates should not be cut prematurely, due to above target inflation, tight labour markets and momentum in demand

US new home sales underwhelming in Jan'24 (Source: Reuters): US new home sales rose by 1.8% y/y to an annual rate of 661k in Jan'24, below expectations of 680k. Notably, building permits were revised upwards to an annual rate of 1.489 mn from 1.470 mn in Jan'24 as mortgage rates reduce.

ECB officials resist early rate cut claims (Source: ForexLive):

- Ms. Lagarde feels that the point has not quite reached yet where inflation has aligned to the target sustainably.
- Mr. Stournaras suggested that despite the deceleration in wages, Jun'24 is the earliest that the ECB can cut rates.
- Mr. Centeno alluded to consistently declining inflation and advised that ECB need not reject Mar'24 rate cut scenario, however unlikely it may be

Japan's above expected CPI print fuels rate hike talks (Source: Reuters): Japan's core CPI rose by 2% y/y in Jan'24, due to waning energy costs, higher than expected 1.8% y/y. Notably, CPI ex fresh food and fuel fell to 3.5% y/y in Jan'24, from 3.7% y/y in Dec'23.

Domestic:**MPC members divulge views on inflation and liquidity (Source: FE, ET):**

- Ms. Goyal said that the RBI predicts a rise in inflation in Q3FY25, and hence would like to see a sustainable decline before lowering rates. She proposed that the MPC could provide guidance on liquidity, like the US Fed, as a prudent liquidity management tool
- Prof. Varma predicts that the impact of a modest decline in share of food in consumption expenditure of households would be less than substantial on the headline numbers, while stating that the re-weighting of the CPI basket would have no impact on current policy setting decisions

Union on course to achieve fiscal goals as of YTFY24 (Source: BS, FE): As per media:

- Union has completed its G-Sec borrowing as per FY24RE and will not further borrow from T-Bills
- Union capex has reached 80% of FY24RE while revenue expenditure is at 79% of FY24RE, with Union on track to fiscal deficit target
- Union has collected Rs. 2.77 trn in small savings as of early Feb'24, achieving 64% of FY24RE

Union considers export tax on low-grade iron ore (Source: BS): According to media sources, Union is considering levying an export tax on low-grade iron-ore after small steel producers urged to control overseas sales amidst demand from China.

Higher peak in electricity demand as power consumption surges (Source: BS): As per media sources, forecast on peak electricity demand is likely to be increased by 5% from last estimate to 384 GW in FY32, prompted by higher pumps for irrigation and air-conditioner consumption.

VRR auctions conducted successfully (Source: RBI): 3-day VRR worth Rs. 1.5 trn were allotted against a notified amount of Rs. 1.5 trn at a cut-off yield of 6.63%. Notably, bids worth Rs. 2.4 trn were received.

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