

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.08	-5
US 2Y*	4.39	-5
Germany 10Y	2.29	-2
UK 10Y	3.94	-6
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*	7.04	-1
7.18% GS 2033* (10Y)	7.09	0
7.18% GS 2037*	7.12	0
91-day T-bill	7.04	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	68	62	83	51
AA	129	123	148	120
A	319	313	338	312

Source: FIMMDA, as on 05 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 (Term Segment):

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	105.2	6.46
Triparty Repo	3,278.1	6.29
Market Repo	1,712.0	6.45
Repo in corporate bond	4.5	6.68

Source: RBI, as of 06 Feb, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,186	0.6
NIFTY	21,929	0.7
NASDAQ	15,609	0.1
S&P 500	4,954	0.2
Nikkei 225	36,161	-0.5
Euro Stoxx 50	4,691	0.8

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	78.7	0.7
Natural gas Nymex (USD/MMBtu)	2.0	-2.4
Gold Comex (USD/t oz.)	2,051.4	1.3
Copper Comex (USD/lb)	378.6	0.1
Wheat cbot (USD/bu.)	594.3	0.4

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.04	0.0
GBP/ INR	104.66	0.5
EUR/ INR	89.29	0.2
EUR/USD	1.08	0.1
DXI Index	104.09	-0.3

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

India: T-bill auction; US: Trade balance Dec'24; Policy rate: Thailand

## News:

## International:

## US Fed members inching towards rate cuts (Source: Reuters):

- Ms. Mester said that if the economy moves forward as expected, Fed officials will gain confidence, which could open the door to rate cuts
- Mr. Harker said that a soft landing for the US economy is in sight, pointing to falling inflation and a still-strong labour market
- Mr. Kashkari said that a lot of progress was made on inflation, however, the goal has not been reached yet

**Americans owe a record USD 1.13 trn in credit card debt (Source: CBS):** Credit card balances as of Q4CY23 are at USD 1.13 trn outstanding, increasing by USD 50 bn (4.6% q/q). Further, the transition into delinquency at an annualized rate of 8.5%, remained above pre-pandemic levels. At an aggregate level, the total household debt increased by USD 212 bn to USD 17.5 trn.

**Euro zone retail sales lower than expected in Dec'23 (Source: Eurostat):** Seasonally adjusted retail sales volumes declined in Dec'23 by 1.0% m/m (forecast: -0.9%), as against a 0.3% drop in Nov'23, the volume of retail trade decreased by 2.9% for online orders and by 1.8% for food, drinks, and tobacco. On a y/y basis the sales were lower by 0.7%.

**EC recommends ambitious climate target (Source: Reuters):** The EC recommended that the EU slash net GHG emissions by 90% by CY40. The target would transform Europe's energy mix, with coal-fuelled power phased out and overall fossil fuel use reduced by 80% and replaced with renewable and nuclear power.

**China regulator announces more curbs on short-selling (Source: Reuters):** China's securities regulator said that it would suspend brokerages from borrowing shares for lending and cap the size of the so-called securities re-lending business, as part of further efforts to curb short-selling. It will also ban securities lending to investors who sell stocks on the same day of purchase.

## Domestic:

**Parliamentary panel recommends lowering of GST on insurance policies (Source: The Hindu Businessline):** The Parliamentary Standing Committee on Finance emphasized the necessity of revising the current 18% GST rate on both health as well as term insurance. Additionally, it advocated for reducing GST on health insurance, especially for senior citizens. The committee also called for equal treatment between public and private sector insurance companies regarding GST-related tax deductions and involvement in government-run insurance programs.

**Investment of USD 67 bn expected in next 5-6 years in energy sector (Source: The Hindu Businessline):** PM Mr. Modi said that India would soon become 3<sup>rd</sup> largest economy in the world and invited global investors to participate in the growth story. He further said that refining capacity is expected to rise from 254 MMTPA to 450 MMTPA by 2030, while the primary energy demand will double by 2045.

**Ambitious power capacity addition being seen (Source: PIB):** Power Minister Mr. Singh said that construction of 156 GW of power capacity is underway, which includes 103 GW of renewables, 26 GW of thermal, 18 GW of hydro, and 8 GW of nuclear power. The government aims to increase capacity by 469 GW by FY32.

## SGS and VRRR auctions conducted successfully (Source: RBI)

- Two 1-day VRRRs worth Rs. 275.4 bn and 418.1 bn were auctioned against notified amounts of Rs. 750 bn and Rs. 500 bn, respectively, at cut-off rate of 6.49% for both the auctions.
- SGS worth Rs. 267.1 bn were auctioned by 14 states, against a notified amount of Rs. 267.1 bn, with cut-off yields for 10Y paper being in the range of 7.49% to 7.52%.

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