

Tables:

Foreign G-Sec Bond Yield:

| G-sec | Yield (in %) | 1-Day Change in Bps |
|-------------|--------------|---------------------|
| US 10Y* | 4.22 | -7 |
| US 2Y* | 4.53 | -9 |
| Germany 10Y | 2.46 | -7 |
| UK 10Y | 4.07 | -5 |
| Japan 10Y | 1.06 | -2 |

Source: Bloomberg, *semi-annual

G-sec yield:

| G- Sec | Yield (in %) | 1-Day Change in Bps |
|----------------------|--------------|---------------------|
| 7.37% GS 2028* | 6.97 | 0 |
| 7.10% GS 2034* (10Y) | 6.98 | 1 |
| 7.18% GS 2037* | 7.03 | 1 |
| 91-day T-bill | 6.76 | 0 |
| 182-day T-bill | 6.87 | 0 |
| 364-day T-bill | 6.92 | 0 |

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

| Annualized Spreads | 3-year | 5-year | 7-year | 10-year |
|--------------------|--------|--------|--------|---------|
| AAA | 92 | 84 | 141 | 49 |
| AA | 163 | 153 | 214 | 128 |
| A | 352 | 343 | 408 | 329 |

Source: FIMMDA, as on 10 Jul, 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 | 8.85 |
| SOFR | 5.34 |

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

| Instrument | Volume (in Rs. Bn) | Weighted Avg Rate (%) |
|------------------------|--------------------|-----------------------|
| Call Money | 100.8 | 6.47 |
| Triparty Repo | 3,436.6 | 6.38 |
| Market Repo | 1,488.3 | 6.45 |
| Repo in corporate bond | 12.1 | 6.65 |

Source: RBI, as of 11 Jul, 2024

Major Equity Indices:

| Indices | Last | 1-Day Change % |
|---------------|--------|----------------|
| BSE SENSEX | 79,897 | 0.0 |
| NIFTY | 24,315 | 0.0 |
| NASDAQ | 18,283 | -2.0 |
| S&P 500 | 5,585 | -0.9 |
| Nikkei 225 | 42,224 | 0.9 |
| Euro Stoxx 50 | 4,976 | 0.3 |

Source: Google Finance

Commodities futures:

| Commodities | Last | 1-Day Change % |
|-------------------------------|---------|----------------|
| Brent Crude (USD/bbl) | 85.7 | -0.1 |
| Natural gas Nymex (USD/MMBtu) | 2.3 | -2.6 |
| Gold Comex (USD/t oz.) | 2,414.0 | 1.3 |
| Copper Comex (USD/lb) | 449.3 | -2.3 |
| Wheat cbot (USD/bu.) | 567.8 | 0.6 |

Source: Bloomberg

Exchange Rates:

| Currency pair | Rate | 1-Day Change % |
|---------------|--------|----------------|
| USD/ INR | 83.57 | 0.0 |
| GBP/ INR | 107.84 | 0.4 |
| EUR/ INR | 90.73 | 0.4 |
| EUR/USD | 1.09 | 0.3 |
| DX Index | 104.47 | -0.6 |

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: CPI Jun'24, IIP May'24, G-Sec and VRRR Auction; **US:** PPI Jun'24, WASDE Report Jul'24; **China:** Trade Balance Jun'24

News:

Domestic:

RBI Governor avers that it is too early to think of rate cuts or change in stance (Source: CNBC-TV 18): Mr. Das said that CPI for Jun'24 is expected to be close to 5% owing to heatwave leading to higher food prices. Consequently, he believes it is premature to comment on rate cuts or change in stance. He added that the RBI is undertaking a fresh assessment of a neutral real rate. Further, he commented that the ECL regime may kick in in FY25.

AMFI releases 16-point wish list for the Budget, calls for tax concessions for debt MFs (Source: ET): The industry body proposed that capital gains on redemption of units of debt oriented MFs held for more than 3 years should be taxed at the rate of 10% without indexation, as applicable in the case of debentures. Other key demands include allowing all MFs to launch pension-oriented schemes with tax treatment on par with NPS, taxability of LTCG under section 112A of the Act, and amendment of definition of equity-oriented funds to include FoF investing in equity-oriented funds.

Number of airports to be doubled by 2047 (Source: Mint): As per media sources, the country plans to double its airport count to 300 (now 138) on the back of an eightfold increase in passenger traffic, according to a draft plan of AAI. 70 airstrips can be developed into full-fledged airports handling narrow body aircraft, while 40 more can be smaller airports. Greenfield airports will be developed if any airstrip cannot be redeveloped or if no civilian airports are there in a 50km radius.

Union clarifies decision on taxability on corporate guarantee (Source: BS): Union has notified that GST will be applied to 1% of corporate guarantee fees on annual basis, applicable from 23rd Oct'23. It also allowed acceptance of invoice value as taxable value for corporate guarantee services between related entities, where the recipient is eligible for full input tax credit.

VRRR auctions conducted successfully (Source: RBI): 1-day VRRR worth Rs. 250 bn were auctioned against a notified amount of Rs. 250 bn at a cut-off rate of 6.49%. Notably, bids worth Rs. 266 bn were received.

International:

US CPI falls to lowest levels in 3-years (Source: Reuters): US CPI fell 0.1% m/m in Jun'24, after being flat in May'24 driven by a 2% m/m fall in energy prices and 0.1% m/m rise in services. Core CPI rose 0.1% m/m in Jun'24, below forecasted 0.2% m/m. On an annual basis, CPI rose 3% y/y, its lowest levels in about 3-years. Core inflation rose 3.3% y/y in Jun'24, after rising 3.4% y/y in May'24. US yields dropped sharply in response.

US Fed speakers welcome slowing inflation (Source: Reuters): Ms. Daly said that one or two rates would be appropriate taking into cognizance latest data. Mr. Musalem said that cooler CPI data is encouraging, with Mr. Goolsbee basking in glory, declaring that the US is back on the path to 2% inflation.

US Budget deficit shrinks after calendar shifts (Source: Reuters): The deficit printed USD 66 bn vs USD 83 bn expected, for Jun'24. This was due to shift of benefit payments into May'24 that had ballooned the deficit for that month. For Oct'23-Jun'24 (9M of US fiscal year), the deficit, at USD 1.268 trn was down 9% y/y. This was based on strong growth in receipts (10%) vs. a pale growth in outlays (5%).

Global oil demand in CY24 to be lower than in CY23 (Source: IEA): World oil demand saw slowest quarterly increase since Q4CY22 in Q2CY24 at 710 kbpd, due to contracting Chinese consumption. Oil demand is forecast to average 1 mbpd in CY24 and CY25 due to subpar growth and vehicle electrification. Oil supply is forecasted to increase by 770 kbpd in CY24 and by 1.8 mbpd in CY25.

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