

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.24	2
US 2Y*	4.51	2
Germany 10Y	2.46	3
UK 10Y	4.12	6
Japan 10Y	1.03	1

Source: Bloomberg, \*semi-annual

## G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.37% GS 2028*	6.91	0
7.10% GS 2034* (10Y)	6.96	0
7.18% GS 2037*	7.01	0
91-day T-bill	6.74	0
182-day T-bill	6.85	0
364-day T-bill	6.87	0

Source: CCL, RBI, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	85	99	102	50
AA	152	167	174	129
A	338	352	366	330

Source: FIMMDA, as on 18 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 (Term segment):

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Notice Money	86.4	6.53
Term Money	4.2	-
Triparty Repo	3,801.5	6.47
Market Repo	1,646.3	6.48
Repo in corporate bond	0.0	NA

Source: RBI, as of 19 Jul, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80,605	-0.9
NIFTY	24,531	-1.1
NASDAQ	17,727	-0.8
S&P 500	5,505	-0.7
Nikkei 225	40,064	-0.2
Euro Stoxx 50	4,827	-0.9

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.6	-2.4
Natural gas Nymex (USD/MMBtu)	2.1	1.4
Gold Comex (USD/t oz.)	2,446.8	0.8
Copper Comex (USD/lb)	423.7	-1.0
Wheat cbot (USD/bu.)	542.8	1.4

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.66	0.0
GBP/ INR	108.11	-0.2
EUR/ INR	90.06	-1.1
EUR/USD	1.09	-0.1
DX Index	104.37	0.1

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

India: Economic Survey; China: Loan Prime Rate; Germany: Retail Sales May'24

## News:

Domestic:

**RBI Governor flags concerns on low deposit growth (Source RBI):** Mr. Das flagged concerns over widening gap between deposit and credit growth with household savings moving away. He also said that abrupt global rates rise had triggered debates about the design of the Basel liquidity standards. Mr. Das exhorted banks to put prudent liquidity management practices referring to review on LCR for banks.

**SEBI Chairperson sounds caution on F&O (Source: Mint):** Ms. Buch averred that the surge in F&O volumes has become a macro issue and not just a micro issue of investor safety, adding that it is time to consider if household savings are going into speculation instead of capital formation. She suggested that it would be prudent to allow derivative products within the safe space offered by MFs.

**CBDT extends tax relief for SWFs, pension funds to 31 Mar'25 (Source: BS):** CBDT has extended the tax relief for sovereign wealth funds and pension funds by a year to 31 Mar'25. The funds now get exemption from tax on dividend income, interest income, or long-term capital gains tax arising from investments made in India.

**Union revises PMI policy to include PLI products (Source: ET):** Union has amended the public procurement preference to Make in India by mandating firm to adhere to local content and included provisions for products manufactured under PLI.

**Union to allocate funds to PLI scheme for electronic parts (Source: BS):** Union is ready to allocate over Rs. 350 bn to proposed production linked PLI scheme for electronic components. The identified sub-assemblies include camera modules, display assemblies, mechanical parts, and battery chargers.

**Plan in works to get trade finance activities under one umbrella (Source: ET):** As per media sources, Union is working to develop a trade finance ecosystem to bring all sectoral regulators on board. It is expected to make policymaking more efficient.

**Kharif crop sowing proceeding as monsoons are catching up (Source: PIB):** The area covered under kharif crops reported 4% y/y spike. The rise is due to increase in paddy and pulses coverage by 7% y/y and 20% y/y respectively, partially offset by 8% y/y decrease in coarse cereals. Cumulative rainfall (as of 21 Jul'24) was just 1.4% lower than normal.

**Generative AI startups' investment increases surges (Source: ET):** As per Nasscom report, investments in domestic generative AI startups saw an increase of 2x in 6M CY24, compared to second half of CY23. Despite the increase in investments, funding rounds decreased by 50% over the same period.

**G-Sec and VRRR auctions conducted successfully (Source: RBI):**

- 7.10% GS 2034 worth Rs. 200 bn were auctioned (notified amount: Rs. 200 bn) at a cut-off rate of 6.9788%. 7.46% GS 2073 worth Rs. 110 bn were auctioned (notified amount: Rs. 110 bn) at a cut-off rate of 7.0938%
- 3-day VRRR worth Rs. 337 bn were auctioned against a notified amount of Rs. 500 bn at cut-off rate of 6.49%

International:

**China lowers lending benchmarks rate (Source: Reuters):** China cut benchmark lending rates as it lowered 1Y loan prime rate by 10 bps to 3.35% from 3.45%. Moreover, the 5Y LPR was reduced to 3.85% from 3.95%. It also cut 7-day reverse repo rate to 1.7% from 1.8%. These developments surprised the markets.

**Chinese policy update presents no major shift (Source: Reuters):** No imminent structural shift was spotted in the updated Chinese policy document for developing advanced industries. Further, China is expected to step up support for its program for equipment upgrades and consumer goods trade-ins.

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## SBICAPS Daily Digest

**US Fed official comments over inflation control (Source: Forexlive):** Mr. Williams said that central banks must own the inflation control mission as price stability is key to financial stability. He also reiterated that Fed remains committed to achieve the 2% inflation target.

**Global electricity demand to grow by 4% in CY24 (Source: IEA):** The global electricity demand is rising at faster rate driven by robust economic growth, intense heatwaves and uptake of technologies. The demand is expected to grow by 4% y/y in CY25 too. The share of renewable sources is expected to rise from 30% in CY23 to 35% in CY25.

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**Details of Research Analysts**

<u>Name</u>	Rajan Jain	<u>Name</u>	Soham Bobde
<u>Qualification</u>	PGDBA	<u>Qualification</u>	MBA
<u>Designation</u>	Head- Credit Research	<u>Designation</u>	Associate

**Details of Research Analyst entity**

<u>Name</u>	SBI Capital Markets Limited
<u>Registration Number</u>	INH000007429
<u>Address</u>	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
<u>Telephone Number</u>	+91 22 4196 8300
<u>Compliance Officer</u>	Bhaskar Chakraborty
<u>Email id</u>	<a href="mailto:compliance.officer@sbicaps.com">compliance.officer@sbicaps.com</a>
<u>Telephone Number</u>	+91 22 4196 8542

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