

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.24	0
US 2Y*	4.51	0
Germany 10Y	2.49	3
UK 10Y	4.16	4
Japan 10Y	1.05	2

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.37% GS 2028*	6.92	1
7.10% GS 2034* (10Y)	6.97	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	84	76	99	71
AA	151	144	171	150
A	337	329	363	351

Source: FIMMDA, as on 19 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		
Triparty Repo		
Market Repo		
Repo in corporate bond		

Source: RBI, as of 10 Jun, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80,502	-0.1
NIFTY	24,509	-0.1
NASDAQ	18,008	1.6
S&P 500	5,564	1.1
Nikkei 225	39,599	-1.2
Euro Stoxx 50	4,897	1.5

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	82.5	-0.1
Natural gas Nymex (USD/MMBtu)	2.2	5.2
Gold Comex (USD/t oz.)	2,450.4	0.1
Copper Comex (USD/lb)	419.5	-1.0
Wheat cbot (USD/bu.)	547.3	0.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.67	0.0
GBP/ INR	108.14	0.0
EUR/ INR	91.03	1.1
EUR/USD	1.09	0.1
DX Index	104.25	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: Union Budget, SGS Auction; US: Existing Home Sales Jun'24; China: FDI Jun'24

News:

Domestic:

Economic Survey 2023-24 released, sets tone of cautious optimism (Source: Ministry of Finance): Highlights:

- Real GDP is likely to grow at 6.5% - 7% in FY25, after growing at 8.2% y/y in FY24. The estimate is below major agencies considering global headwinds and high rates impacting foreign capital inflows
- Short-term inflation outlook remains benign, in-line with RBI's projections, but long-term price stability requires supply side solutions. The Survey suggested remove food from inflation basket of RBI, and revision of base year for major economic variables including CPI
- Suggested a 6-step pronged approach to bolster structural reforms: capital formation in the private sector, PPP for financing green transition, bridging MSME credit gap, farmer friendly policies for agriculture, education and skill policies and enhancing state capacity
- The survey notes that corporate profits to GDP ratio rose to 15-year high in FY24, and is now responsible for investments and creating employment

Union issues operational guidelines for scheme to incentivize DISCOMs (Source: PIB): Union has planned an outlay of Rs. 750 bn under the PM-Surya Ghar: Muft Bijli Yojna, under which DISCOMs are responsible for facilitating net meter availability, inspection, and commissioning. The "Incentives to DISCOMs" component consists of Rs. 49.5 bn incentivizing installation of additional grid-connected rooftop solar capacity beyond a baseline level (reset on a fiscal-year basis).

Union says no to special category status to Bihar (Source: The Hindu): In a written reply to the Lok Sabha, Minister of State for Finance Mr. Chaudhary stated that a case for granting special category status to Bihar is not made out, citing an inter-Ministerial group report in 2012.

PMAY-U sanctions more than 11.8 mn houses (Source: PIB): As per project proposals, more than 11.8 mn houses have been sanctioned under PMAY-U of which more than 11.4 mn have been grounded for construction, and 8.5 mn are delivered to the eligible beneficiaries.

International:

China's LGFV set USD bond sale record in refinancing rush (Source: Bloomberg): Offshore issuances by LGFVs topped USD 42 bn in YTDCY24 (till 22 Jul'24), up 79% y/y and the highest since atleast CY13. LGFVs' onshore and offshore refinancing needs and interest obligations remain heavy: even so, H2 is expected to be strong.

China to raise working age to alleviate pension woes (Source: Reuters): China has decided to raise its statutory retirement age to counter demographic pressures and mounting tension on pension budgets, with provinces running on steep deficits.

Bank of England plans expanded repo facilities to avert market crunch (Source: Reuters): BoE cautioned banks to get ready to make greater use of its repo facilities as it sells down its government bond holdings and plans a major expansion of its current six-month repo operation, as excess liquidity is drained from financial system. It currently holds GBP 756 bn reserves.

ECB official keeps door open for 2 rate cuts in CY24 (Source: ForexLive): Mr. Kazimir has opined that further policy decisions would be data dependent and that market expectations of 2 rate cuts in CY24 is not entirely misplaced.

Bundesbank weighs in on inflation risks to rate cut trajectory (Source: Reuters): German Central Bank has urged for a careful approach to further rate cuts as strong labour markets, supply chain disruptions and ever strong services sector impede inflation's descent to 2% target.

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