

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.26	0
US 2Y*	4.41	-5
Germany 10Y	2.44	1
UK 10Y	4.15	3
Japan 10Y	1.07	1

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.37% GS 2028*	6.90	-1
7.10% GS 2034* (10Y)	6.96	-1
7.18% GS 2037*	7.00	0
91-day T-bill	6.71	-3
182-day T-bill	6.82	-2
364-day T-bill	6.84	-4

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	83	75	93	70
AA	150	143	165	149
A	336	328	357	350

Source: FIMMDA, as on 23 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	98.9	6.68
Triparty Repo	4,180.9	6.62
Market Repo	1,655.1	6.65
Repo in corporate bond	7.7	6.91

Source: RBI, as of 24 Jul, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80,149	-0.3
NIFTY	24,414	-0.3
NASDAQ	17,342	-3.6
S&P 500	5,427	-2.3
Nikkei 225	39,155	-1.1
Euro Stoxx 50	4,862	-1.1

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	81.0	-0.3
Natural gas Nymex (USD/MMBtu)	2.1	-0.5
Gold Comex (USD/t oz.)	2,419.0	-1.8
Copper Comex (USD/lb)	404.2	-2.8
Wheat cbot (USD/bu.)	548.8	1.6

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.72	0.0
GBP/ INR	107.95	0.1
EUR/ INR	90.71	0.0
EUR/USD	1.08	0.0
DX Index	104.29	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

US: GDP Q2CY24, PCE Q2CY24, Trade Balance Jun'24, Durable Goods Orders Jun'24, Initial Jobless Claims; **S. Korea:** GDP Q2CY24

News:

Domestic:

Union considering tweaking rules to check bond inflows (Source: Bloomberg): As per media sources, Union is considering amending rules for the issuance of new bonds that are eligible to trade on global indexes if large inflows spur volatility. Limits on foreign inflows in FAR securities are being considered.

Union officials provide guidance Budget provisions (Source: Reuters):

- Finance Secy Mr. Somanathan remarked that Union will move away from fiscal deficit targeting from FY26 and would instead move to government debt to GDP ratio as fiscal policy anchor, due to high nominal growth. He added that Union will not pre-announce divestment plans, so as to optimise valuations
- Revenue Secy Mr. Malhotra clarified that rollover benefits on capital gains upto Rs. 100 mn continues. He added that simplification of TDS compliance is being considered
- Economic Affairs Secy Mr. Seth claimed that gross borrowings could be cut in FY25 if inflows through national small savings schemes are high

Union to consider easing curbs on Chinese investments (Source: Reuters):

According to media sources, Union is likely to ease Chinese investment in non-sensitive sectors like solar panels and battery manufacturing, where domestic expertise is lacking.

Credit Rating Agencies optimistic about Union Budget FY25 (Source: BS):

Moody's lauded the fiscal deficit of 4.9% of GDP, placing FY26 target of 4.5% of GDP within reach. S&P Global echoes the view and envisages the proposed tax cuts for foreign companies to sustain investments. Fitch Ratings said that the FY25 Budget demonstrated the government's firm commitment to deficit reduction.

Union gives details on first offshore mineral auctions (Source: The Hindu Businessline):

Mines Minister Mr. Reddy remarked that in the first offshore mineral auction of critical minerals of the 10 blocks, there are 7 poly-metallic nodules and crusts in the Andaman Sea and 3 blocks of lime mud off the coast of Gujarat.

T-Bill and VRRR auctions conducted successfully (Source: RBI):

- 91-day T-Bills worth Rs. 80 bn were auctioned (notified amount: Rs. 80 bn) at a cut-off rate of 6.7130%. 182-day T-Bills worth Rs. 60 bn were auctioned (notified amount: Rs. 60 bn) at a cut-off rate of 6.8249%. 364-day T-Bills worth Rs. 60 bn were auctioned (notified amount: Rs. 60 bn) at a cut-off rate of 6.8365%.
- 2-day VRRR worth Rs. 38.6 bn were auctioned against a notified amount of Rs. 500 bn at a cut-off rate of 6.49%

International:**PBoC takes slew of monetary measures to spur the economy (Source: Reuters):**

People's Bank of China cut 1-year medium term lending facility rate to 2.3% from 2.5%, while injecting liquidity to the tune of CNY 200 bn in a 1-year MLF. Further, PBoC sets USD/CNY central rate at 7.1321 (estimate: 7.2706).

Canada continues easing benchmark rates (Source: Bank of Canada):

Bank of Canada cut its policy rates by 25 bps to 4.5%, in line with expectations, as inflation falls and economy weakens, with officials citing further easing on the cards.

US goods trade deficit narrows in Jun'24 (Source: US Census Bureau):

US goods trade deficit fell 2.5% m/m to USD 96.8 bn in Jun'24, lower than expectations of USD 98.8 bn deficit with exports rising 2.6% m/m to USD 172 bn while imports rose a measly 0.6% m/m to USD 269.2 in Jun'24.

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