

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.18	-1
US 2Y*	4.40	2
Germany 10Y	2.35	-5
UK 10Y	4.05	-5
Japan 10Y	1.01	-4

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.37% GS 2028*	6.83	-1
7.10% GS 2034* (10Y)	6.92	-2
7.18% GS 2037*	6.97	-2
91-day T-bill	6.71	0
182-day T-bill	6.82	0
364-day T-bill	6.84	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	87	53	45	73
AA	154	121	117	152
A	340	306	309	353

Source: FIMMDA, as on 26 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	5.35

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	114.3	6.48
Triparty Repo	3,870.8	6.36
Market Repo	1,670.3	6.42
Repo in corporate bond	7.5	6.60

Source: RBI, as of 29 Jul, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	81,356	0.0
NIFTY	24,836	0.0
NASDAQ	17,370	0.1
S&P 500	5,464	0.1
Nikkei 225	38,469	2.1
Euro Stoxx 50	4,815	-1.0

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	79.5	-2.0
Natural gas Nymex (USD/MMBtu)	1.9	-5.0
Gold Comex (USD/t oz.)	2,424.5	-0.1
Copper Comex (USD/lb)	406.2	-1.5
Wheat cbot (USD/bu.)	527.3	0.7

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.74	0.0
GBP/ INR	107.57	-0.3
EUR/ INR	90.49	0.7
EUR/USD	1.08	-0.4
DX Index	104.63	0.4

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS auction; Germany: CPI Jul'24; Eurozone: GDP Q2CY24

News:

Domestic:

RBI revokes unrestricted access for FPIs to new 14-year and 30-year bonds (Source BS): According to a notification by RBI, it has been decided to exclude all new securities with 14-year and 30-year tenors from the FAR. However, existing 14-year and 30-year debt securities previously designated under the FAR will remain accessible to non-residents for investments in the secondary market.

NHAI aims to achieve over Rs 500 bn monetisation target for FY25 (Source: ET): It has set up an asset monetisation cell to drive its future monetisation plans. For monetisation through TOT and InvIT, the NHAI has identified 33 highway stretches of total 2,741 km for FY25. It is also planning to invite bids for 12 bundles of TOT. The monetisation target for this year is Rs. 540 bn.

Union may target fiscal deficit of 3.7% to 4.3% post FY26 (Source: Mint): As per media sources, Union may move away from setting single digit target of fiscal deficit. It is expected to set fiscal deficit target at a range of 3.7% to 4.3% post FY26.

RBI releases Report on Currency and Finance FY24 (Source: RBI): Highlights:

- India will be the top labour supplier to the world, and its remittances are set to increase to USD 160 bn in 2029 from USD 115 bn in 2024
- Digitalisation makes monetary policy transmission more complete (peak impact of 100 bps increase in repo could be 35 bps with digitalisation, 10 bps higher than baseline)
- The RBI has cautioned about risks related to cyber security and fraud due to an increase in digitalisation along with risks to financial stability
- Cross-selling and embedded finance models enhance customer convenience but could reduce competition due to bundling

SEBI plans to widen net to curb insider trading (Source: BS): It has proposed expanding the scope of regulations prohibiting insider trading to a wider group of people. It plans to include relatives, a related firm or partner, people sharing same household, HUF where head might be related to connected person.

UP plans to invest Rs. 5 trn in Lucknow-SCR (Source: BS): UP government is planning to invest Rs. 5 trn in state capital region to expect investments in next two years. The acquired land would be allotted to investors for setting up of industries, housing, and infrastructure projects.

VRRR auctions conducted successfully (Source: RBI): 14-day VRRR worth Rs. 418 bn were auctioned against a notified amount of Rs. 1.0 trn at cut-off rate of 6.49%.

International:

US cuts borrowing estimates (Source: Bloomberg): US Treasury reduced its estimate for Federal borrowing for Jul-Sep'24 to USD 740 bn from USD 847 and projected that governments cash buffer to decline towards year end.

Japan's top council urges government, BOJ to guide policy with eye on weak yen (Source: CNA): The Government's top economic council said that achieving a recovery in consumption, which shrank for 4 straight quarters, is key to the government's near-term economic policy and the recent JPY weakness is hurting consumption

Chinese solar firms forced into bankruptcy (Source: Bloomberg): The industry is grappling with wave of company failures and consolidation as excessive capacity pushes price below production costs. Small companies are unable to plug losses thus industry call for more consolidation to avoid failures. Industry groups have been demanding measures for faster consolidation, including not supporting smaller players.

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