

**Tables:**

**Foreign G-Sec Bond Yield:**

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.04	-11
US 2Y*	4.27	-9
Germany 10Y	2.30	-4
UK 10Y	3.97	-7
Japan 10Y	1.02	-2

Source: Bloomberg, \*semi-annual

**G-sec yield:**

G- Sec	Yield (in %)	1-Day Change in Bps
7.37% GS 2028*	6.84	0
7.10% GS 2034* (10Y)	6.93	-1
7.18% GS 2037*	6.98	0
91-day T-bill	6.67	-4
182-day T-bill	6.79	-4
364-day T-bill	6.80	-4

Source: CCL, RBI, \*semi-annual

**Spreads in bps for Corporates**

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	84	79	78	71
AA	151	147	150	150
A	337	332	342	351

Source: FIMMDA, as on 30 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	5.33

Source: RBI, Federal Reserve Bank of New York

**Money Market instruments:**

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	113.0	6.49
Triparty Repo	3,359.6	6.41
Market Repo	1,476.2	6.45
Repo in corporate bond	6.0	6.62

Source: RBI, as of 31 Jul, 2024

**Major Equity Indices:**

Indices	Last	1-Day Change %
BSE SENSEX	81,741	0.4
NIFTY	24,951	0.4
NASDAQ	17,599	2.6
S&P 500	5,522	1.6
Nikkei 225	39,102	1.5
Euro Stoxx 50	4,873	0.7

Source: Google Finance

**Commodities futures:**

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	80.7	1.8
Natural gas Nymex (USD/MMBtu)	2.1	-3.8
Gold Comex (USD/t oz.)	2,493.1	1.7
Copper Comex (USD/lb)	418.6	1.5
Wheat cbot (USD/bu.)	528.0	1.3

Source: Bloomberg

**Exchange Rates:**

Currency pair	Rate	1-Day Change %
USD/ INR	83.73	0.0
GBP/ INR	107.57	0.0
EUR/ INR	90.54	0.0
EUR/USD	1.08	0.0
DX Index	103.96	-0.4

Source: Morningstar, Bloomberg, Marketwatch

**Today's Key Macro Events:**

**Manufacturing PMI Jul'24:** India, US, China, Eurozone; **UK:** Policy rate; **US:** Jobless claims

**News:**

**Domestic:**

**Union fiscal deficit in Q1FY25 hits 8% of FY25BE (Source: CGA):**

- Union received Rs. 8.3 trn (27.1% of FY25BE) in total receipts upto Jun'24, up 38% y/y, with tax revenue at Rs. 5.5 trn, while non-tax revenue grew to Rs. 2.8 trn.
- Total expenditure was Rs. 9.7 trn of which Rs. 1.8 trn is capex (16.3% of FY25BE) and Rs. 7.9 trn revenue expenditure at 21.6% of FY25BE. Notably, the capex by CPSEs declined by 39% in Q1FY25
- Fiscal deficit upto Jun'24 was Rs. 1.4 trn (8.1% of FY25BE) with revenue surplus of Rs. 408.2 bn

**Combined index of 8-core industries slows to a 20-month low in Jun'24 (Source: PIB):**

Eight core sectors grew by 4.0% y/y in Jun'24, against 6.4% in May'24, as majority sectors registered growth barring crude oil and refining. Notably, coal grew by 14.8% y/y, electricity by 7.7% and natural gas by 3.3%.

**Non- food bank credit growth sustains pace in Jun'24 as rates ease (Source: RBI):**

- Non-food bank credit (ex-HDFC) grew by 13.9% y/y in Jun'24 due to unfavourable base effects.
- Credit to industry grew by 7.7% y/y led by chemicals, food processing, and infrastructure despite moderation in metals and energy. Credit growth to services was moderated substantially at 15.1% y/y, driven by lower credit growth to NBFCs and trade. Personal loans growth moderated to 16.6% y/y in Jun'24 due to moderation in personal loans.
- WALR on fresh loans decreased to 9.32% in Jun'24 from 9.45% in May'24. WADTDR on fresh rupee term deposits stood at 6.46% in Jun'24 from 6.47% in May'24

**Union announces reduction in windfall tax (Source: Mint):**

Union to cut the windfall tax on crude oil to Rs. 4,600 per tonne from Rs. 7,000 per tonne due decline in international oil price. There will be no windfall tax on export of diesel and aviation turbine fuel (ATF).

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

- 91-day T-Bills worth Rs. 87 bn were auctioned (notified amount: Rs. 80 bn) at a cut-off rate of 6.674%. 182-day T-Bills worth Rs. 76 bn were auctioned (notified amount: Rs. 60 bn) at a cut-off rate of 6.7885%. 364-day T-Bills worth Rs. 63 bn were auctioned (notified amount: Rs. 60 bn) at a cut-off rate of 6.7985%.
- 2-day VRRR worth Rs. 70 bn were auctioned against a notified amount of Rs. 750 bn at a cut-off rate of 6.49%

**International:**

**US Fed maintains policy rate unchanged; signals cuts may be nearer (Source: US Federal Reserve):** Highlights of the FOMC:

- The Federal Funds Rate was kept unchanged at 5.25-5.5%, in line with expectations. Fed Chair Mr. Powell said that a cut in Sep'24 is on the table, provided inflation data continues to be encouraging. Markets are pricing a cut of 25 bps in Sep'24 policy, and US Treasury yields cooled off across the tenors
- Taper-off of balance sheet was maintained at USD 25 bn per month for treasuries and USD 35 bn for MBS
- The policy statement acknowledged that the inflation is "somewhat elevated", a downgrade in assessment after calling rise in prices to be "elevated" throughout the rate hike cycle. The statement also acknowledged rising unemployment despite calling it low.

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**Bank of Japan raises benchmark interest rate, outlines roadmap for trimming bond buying program (Source: CNBC):**

- With a vote of 7-2, it raised its benchmark interest rate to "around 0.25%" from its previous range of 0-0.1%. It added that it will continue to raise the policy interest rate and adjust the degree of monetary accommodation, assuming its economic outlook is realized.
- Further, it will reduce the monthly outright purchases of Japanese government bonds by JPY 400 bn per each calendar quarter to about JPY 2.9 trn per month in Q1CY26 (currently JPY 4.1 trn/month)
- Real GDP forecast for FY24 was trimmed from 0.8% y/y to 0.6%, while keeping the FY25 and FY26 outlook at 1.0%, and inflation outlook remained above 2% y/y until FY25. Further, core CPI is expected at 1.9% y/y in FY24 as well as FY25.

**Manufacturing conditions deteriorate in China and Japan (Source: S&P Global):**

- China's Caixin manufacturing PMI unexpectedly shrinks to 49.8 in Jul'24 from 51.8 in Jun'24 as output expands at slowest pace in nine months attributed to the first fall in new orders for a year
- Manufacturing PMI of Japan fell from neutral mark in Jun'24 to 49.1 in Jul'24 as stronger reductions in new orders contributed to a renewed fall in production levels

**Euro area annual inflation up to 2.6% in Jul'24 (Source: Eurostat):** As per flash estimates, Euro area annual inflation is expected to be 2.6% in Jul'24 (Estimate: 2.5%) from 2.5% in Jun'24. The rise in inflation is attributed to highest annual rate of 4.0% in Jul'24 for services and 2.3% for food, alcohol, and tobacco. Core CPI remained unchanged at 2.9%.

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