

**Tables:**

**Foreign G-Sec Bond Yield:**

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.72	6
US 2Y*	3.65	3
Germany 10Y	2.19	2
UK 10Y	3.84	3
Japan 10Y	0.83	1

Source: Bloomberg, \*semi-annual

**G-sec yield:**

G- Sec	Yield (in %)	1-Day Change in Bps
7.37% GS 2028*	6.70	1
7.10% GS 2034* (10Y)	6.78	2
7.18% GS 2037*	6.85	3
91-day T-bill	6.65	0
182-day T-bill	6.72	0
364-day T-bill	6.70	0

Source: CCL, RBI, \*semi-annual

**Spreads in bps for Corporates**

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	96	107	-35	80
AA	171	194	52	169
A	354	379	244	370

Source: FIMMDA, as on 16 Sep, 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	8.90
SOFR	5.38

Source: RBI, Federal Reserve Bank of New York

**Money Market instruments:**

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	107.9	6.65
Triparty Repo	3,572.4	6.60
Market Repo	1,537.8	6.70
Repo in corporate bond	7.7	6.81

Source: RBI, as of 17 Sep, 2024

**Major Equity Indices:**

Indices	Last	1-Day Change %
BSE SENSEX	82,948	-0.1
NIFTY	25,377	-0.1
NASDAQ	17,573	-0.3
S&P 500	5,618	-0.3
Nikkei 225	37,314	2.9
Euro Stoxx 50	4,835	0.2

Source: Google Finance

**Commodities futures:**

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	73.3	1.2
Natural gas Nymex (USD/MMBtu)	2.3	-0.9
Gold Comex (USD/t oz.)	2,577.3	-0.7
Copper Comex (USD/lb)	427.1	-0.6
Wheat cbot (USD/bu.)	571.8	-1.2

Source: Bloomberg

**Exchange Rates:**

Currency pair	Rate	1-Day Change %
USD/ INR	83.76	-0.2
GBP/ INR	110.63	0.0
EUR/ INR	92.78	-0.1
EUR/USD	1.11	0.1
DX Index	101.20	0.0

Source: Morningstar, Bloomberg, Marketwatch

**Today's Key Macro Events:**

**US:** Existing Home Sales Aug'24, Jobless Claims; **Policy Decision:** UK, S. Africa

**News:**

**Domestic:**

**Direct tax collections display robust growth in YTD FY25 (Source: FE):** Net direct tax collection rose 16% y/y in YTD FY25 (upto 17 Sep'24) to Rs. 9.95 trn. The growth was led by 39% growth in advance personal income tax, with advance corporate tax receipts growing by 18%. Gross receipts grew faster at 21.5%, with net receipts slower due to remarkable growth in refunds.

**WPI falls to 4-month low in Aug'24 (Source: PIB):** WPI fell to 1.31% y/y in Aug'24, from a clip of 2.04% y/y in Jul'24, owing to a broad-based slowdown. In Aug'24, WPI for primary articles crept up 2.4% y/y and manufactured products rose by 1.2% y/y, while fuel and power contracted 0.7% y/y.

**Trade deficit widens in Aug'24 on sluggish exports (Source: PIB):**

- Merchandise exports fell 9.3% y/y in Aug'24 to USD 34.7 bn due to steep fall in cereals, iron ore, and petroleum. Merchandise imports rose 3.3% y/y to USD 64.4 bn in Aug'24 with rise in cotton, pulses, and gold. Thus, the merchandise trade deficit widened to USD 29.7 bn in Aug'24 from USD 23.5 bn in Jul'24.
- Services exports rose 7% y/y to USD 30.7 bn while imports remained flattish y/y at USD 15.7 bn, with services surplus at USD 15 bn in Aug'24.
- Overall trade deficit stood at USD 14.7 bn in Aug'24

**Union slashes windfall taxes on crude (Source: BS):** Union cut windfall tax on domestically produced crude oil to nil with effect from 18<sup>th</sup> Sep'24, while retaining SAED on export of diesel, petrol and ATF at nil.

**Kharif sowing maintains moderate on-year growth (Source: PIB):** Area under kharif sowing rose 2.3% y/y to 109.7 mn hectare, in line with normal sowing. Paddy rose 2.3% above normal to 41 mn hectare, cereals rose 4.4% above normal to 19 mn hectare, while pulses remain 6.6% below normal at 12.8 mn hectare.

**Union Cabinet approves subsidies and schemes for FY25 (Source: PIB):**

- Union approved Nutrient Based Subsidy Rates for Rabi Season on P&K Fertilisers, with outlay of Rs. 245 bn
- Union approved the continuation of PM AASHA with outlay of Rs. 350 bn
- Union approved the Bio-RIDE Scheme, with an outlay of Rs. 92 bn, to support research in biotechnology
- Space projects including the next mission to the Moon, a mission to Venus, follow up to Gaganyaan, and Indian Space Station were approved

**MNRE Minister calls for Union-State cooperation solving issues in renewables (Source: BS):** Mr. Joshi pledged to solve issues such as land acquisition and transmission in consultation with States, even as the Union received commitments worth 540 GW of RE capacity addition by States.

**SGS and VRRR auctions conducted successfully (Source: RBI):**

- SGS worth Rs. 135 bn were auctioned by 8 states, against a notified amount of Rs. 135 bn with cut-off yields ranging between 7% - 7.14%. Notably, 10Y SGS had cut-off yield between 7% - 7.13%.
- 3-day VRRR worth Rs. 826 bn were auctioned against a notified amount of Rs. 1 trn at cut-off yield of 6.51%.

**International:**

**US Fed delivers jumbo-sized cut; first cut in 4 years (Source: US Federal Reserve):**

- The Federal Funds Rate was lowered by 50 bps to 4.75-5.00% (previous: 5.25-5.50%), higher than market expectations of 25 bps, in its first-rate reduction after 4 years. The decision was supported 11-1

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## SBICAPS Daily Digest

- Taper-off of balance sheet was maintained at USD 25 bn per month for treasuries and USD 35 bn for MBS
- Real GDP projections were at 2.0% in CY24 (downward revision of 0.1pp from Jun'24) while CY25 was maintained at 2.0%. Unemployment rate projections were revised up by 0.4pp to 4.4% in CY24, and 20 bps to 4.4% in CY25. The FOMC acknowledged slowing job gains, warranting strong commitment of the committee to support maximum employment
- Median Core PCE projection was reduced by 0.2pp and 0.1pp at 2.6% and 2.2% for CY24 and CY25 respectively. The Committee said it has gained greater confidence that inflation is moving sustainably toward 2%
- Dot plot predicts 2 more cuts in CY24 (against 1 cut expected in Jun'24), while 4 more cuts in CY25 are pencilled in. Notably, Mr. Powell alluded that while Fed will remain data dependent, another 50-bps of cuts is the base case, and Fed might react if inflation were to fall more quickly

**US retail sales positively surprises in Aug'24 (Source: Reuters):** US retail sales surprise on the upside with 0.1% m/m rise (Exp: -0.6% m/m), with core sales rising 0.3% m/m in Aug'24. Online purchases grew 1.4% m/m in Aug'24, after falling 0.4% m/m in Jul'24, while personal care grew 0.7% m/m and misc. retailers grew 1.7% m/m, offset by dwindling auto sales (-0.1% m/m). Annually, retail sales rose 2.1% y/y in Aug'24, after rising 2.9% y/y in Jul'24.

**Central Banks in the developing world adopt divergent paths (Source: Reuters, Bloomberg):**

- Brazil's Central Bank unexpectedly raised rates by 25 bps to 10.75%, signalling more in the offing, citing strong labour market and robust growth as upside risks to inflation looms large.
- Indonesian Central Bank trimmed benchmark rates by 25 bps to 6% against expectations to bolster growth as inflation seems to dwindle.
- Hong Kong cut rates by 50 bps to 5.25%, tracking a move by the US Fed

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