

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.78	3
US 2Y*	3.63	7
Germany 10Y	2.12	-1
UK 10Y	4.00	2
Japan 10Y	0.84	1

Source: Bloomberg, \*semi-annual

## G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.67	-1
7.10% GS 2034* (10Y)	6.75	-1
7.18% GS 2037*	6.80	-2
1-Month T-bill	6.38	-11
3-Month T-bill	6.40	-10
6-Month T-bill	6.48	-7
12-Month T-bill	6.55	-1

Source: CCIL, RBI, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	87	93	75	66
AA	162	180	162	155
A	345	365	354	356

Source: FIMMDA, as on 27 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	8.95
SOFR	4.84

Source: RBI, Federal Reserve Bank of New York

## Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	67.7	6.68
Triparty Repo	3,488.8	6.64
Market Repo	1,589.9	6.66
Repo in corporate bond	15.0	6.84

Source: RBI, as of 30 Sep, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	84,300	-1.5
NIFTY	25,811	-1.4
NASDAQ	18,189	0.4
S&P 500	5,762	0.4
Nikkei 225	37,920	-4.8
Euro Stoxx 50	5,000	-1.3

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	71.8	-0.3
Natural gas Nymex (USD/MMBtu)	2.9	0.0
Gold Comex (USD/t oz.)	2,657.6	-0.4
Copper Comex (USD/lb)	454.7	-0.5
Wheat cbot (USD/bu.)	579.3	-0.1

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.80	0.1
GBP/ INR	112.16	0.2
EUR/ INR	93.28	-0.1
EUR/USD	1.11	-0.2
DX Index	100.78	0.4

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

India: SGS, VRRR Auction; Manufacturing PMI Sep'24: India, US; Eurozone: CPI Sep'24

## News:

Domestic:**Current account deficit widens marginally in Q1FY25 (Source: RBI):**

- CAD widened marginally to USD 9.7 bn, at 1.1% of GDP in Q1FY25 (Q1FY24: USD 8.9 bn, 1% of GDP), primarily due to 15% y/y rise in merchandise deficit to USD 65.1 bn, despite net services receipts expanding 13% to USD 39.7 bn
- In financial account, FDI (net) increased to USD 6.3 bn (Q1FY24: 4.7), while net FPI inflows moderated significantly to USD 0.9, along with ECB falling to USD 1.8 bn. NRI deposits recorded net inflows of USD 4 bn, against USD 2.2 bn over the previous period1

**Union fiscal deficit in 5MFY25 at 27% of full-year target (Source: CGA):**

- Union fiscal deficit in 5MFY25 touched Rs. 4.35 trn in Aug'24 at 27% of full-year target, much lower than Rs. 6.43 trn until Aug'23
- The same was led by a robust tax revenue (net) of Rs. 8.74 trn growing 8.7% y/y, and a much higher growth of 59% y/y in non-tax revenue to Rs. 3.3 trn, taking the overall revenue receipts to Rs. 12.1 trn
- Total expenditure seems to be picking up at Rs. 16.5 trn from Rs. 13.0 trn until Jul'24 (5MFY24: 16.7 trn), with revenue expenditure at Rs. 13.5 trn (36% of FY25BE) and a capex of Rs. 3.0 trn at 37% of FY25BE

**Non-food bank credit grows at 15.0% y/y in Aug'24; rates inch up (Source: RBI):**

- Credit growth to industry accelerated to 9.8% y/y in Aug'24 compared to 5.3% in Aug'23 while services credit growth moderated to 15.6%
- Credit to agriculture and allied activities registered a growth of 17.7% y/y. Personal loans growth was lower at 16.9%
- WALR on fresh loans increased to 9.41% in Aug'24 from 9.40% in Jul'24, while it remained unchanged at 9.91% on outstanding loans. 1-year MCLR increased by 5 bps to 8.95%
- WADTDR on fresh rupee term deposits stood at 6.46% in Aug'24 from 6.48% in Jul'24, with a 1 bp increase in outstanding to 6.93%

**Core sectors growth moderates in Aug'24 (Source: PIB):** Growth in eight core sectors declined to 1.8% y/y in Aug'24, compared to 6.1% in Jul'24. The drag was led by coal (-8.1%), electricity (-5.0%), crude oil (-3.4%) and natural gas (-3.6%) while steel and fertilizers recorded positive growth.

**SEBI announces measures in its Board Meeting (Source: SEBI):** Highlights:

- Approval of a new investment product placed between MFs and PMS called 'Investment Strategies' with a min. investment limit of Rs. 1 mn
- Introduction of Mutual Funds Lite (MF Lite) to simplify the regulatory environment for passively managed mutual fund schemes, reducing the barriers related to net worth, track record, and profitability for sponsors
- Scripts eligible for trading under optional T+0 settlement will be increased in a phased manner from top 25 to 500 (as per market-cap).
- Optional block window mechanism will be introduced under T+0 settlement cycle as an 8.45 am to 9.00 am session
- Quicker rights issues were streamlined as the requirement of filing Draft Letter of Offer will be with exchanges instead with SEBI

**Interest rates on small savings schemes remain unchanged for Q3FY25 (Source: BS):** Deposits under the Sukanya Samriddhi scheme will attract an interest rate of 8.2%, while the rate on a 3-year term deposit remains at 7.1%. Interest rates on PPF and post office saving deposits have also been retained at 7.1% and 4% respectively.

**Monsoon rains hit four-year high in boost to crop output (Source: BS):** Monsoon this year was its highest since 2020 at 107.6% of LPA (Jun-Sep'24), with Sep'24 alone received 11.6% more than average. The same is expected to boost crop output.

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**External debt outstanding (gross) stand at USD 682 bn in Jun'24 (Source: RBI):** External debt o/s grew 8.5% y/y to USD 682.3 bn, an increase of USD 13.3 bn over Mar'24 led by rising share of shorter-term debt while long-term debt (maturity > 1 year) stood at USD 549.6 bn. External debt to GDP ratio slightly moderated q/q to 18.8% from 18.9% a period earlier.

**VRRR auctions conducted successfully (Source: RBI):** 4-day VRRR worth Rs. 10 bn were auctioned against a notified amount of Rs. 1 trn at a cut-off yield of 6.49%

#### International:

**US Fed officials divided on the future course of policy (Source: Reuters, Bloomberg):**

- Chair Mr. Powell indicated that the recent 50 bps cut shouldn't be interpreted as a sign that future moves will be as aggressive, while expressing confidence in economic strength and sees inflation to cool
- Mr. Bostic is open to another large cut if the job market continues to weaken, while seeing orderly easing in the next 15 months as it is useful for the policy to be restrictive. Mr. Goolsbee agreed and he sees a case for extensive cuts given the current and potential state of the economy
- Ms. Bowman justified her preference to lower the policy rate by 25 bps, as the economy remains strong and inflation a continuing concern

**German inflation drops in Sep'24, while ECB president drops rate cut hints (Source: CNBC):** German CPI eased to 1.8% y/y in Sep'24, lower than expectations of 1.9%, with the Core marginally receding to 2.7% in Sep'24 from 2.8% in Aug'24 and a major plunge in energy costs. In response, ECB Chief Ms. Lagarde said that ECB is increasingly confident that inflation will fall to its 2% target, and this will be reflected in its next policy move, while also acknowledging that economic recovery is facing headwinds.

**BoJ members indicate readiness to adjust degree of easing if outlook is realised (Source: BoJ):** Sep'24 'Summary of Opinions' indicates that policymakers believe that the economy has been recovering moderately, with steady price rises. Concerns exist regarding the impact of US economic uncertainties, including on exchange rates and corporate profits. There are no immediate plans for further rate hikes, emphasizing stability and careful communication.

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