

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.79	4
US 2Y*	3.64	2
Germany 10Y	2.09	4
UK 10Y	4.02	7
Japan 10Y	0.83	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.67	0
7.10% GS 2034* (10Y)	6.73	-2
7.18% GS 2037*	6.77	-2
1-Month T-bill	6.42	4
3-Month T-bill	6.45	5
6-Month T-bill	6.52	4
12-Month T-bill	6.55	0

Source: CCIL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	70	59	51	36
AA	144	137	132	120
A	328	325	324	319

Source: FIMMDA, as on 30 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	5.05

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	96.8	6.48
Triparty Repo	3,657.7	6.28
Market Repo	1,709.1	6.46
Repo in corporate bond	14.3	6.59

Source: RBI, as of 01 Oct, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	84,266	0.0
NIFTY	25,796	-0.1
NASDAQ	17,925	0.1
S&P 500	5,709	0.0
Nikkei 225	37,808	-2.1
Euro Stoxx 50	4,963	0.4

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.7	0.1
Natural gas Nymex (USD/MMBtu)	2.9	1.0
Gold Comex (USD/t oz.)	2,677.4	0.1
Copper Comex (USD/lb)	463.9	0.0
Wheat cbot (USD/bu.)	614.5	2.7

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.92	0.1
GBP/ INR	111.19	0.0
EUR/ INR	92.55	-0.9
EUR/USD	1.10	-0.3
DXI Index	101.75	0.5

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: T-Bill Auction; Composite PMI Sep'24: US, Eurozone

News:

Domestic:**High frequency indicators show rain impact in Sep'24 (Source: ET, BS, Mint, NPCI):**

- Manufacturing PMI stood at 56.5, down from 57.5 in Aug'24, remaining expansionary, with an improvement in health sector. Output, sales and export rose, albeit at a softer rate
- UPI transactions rose 30% y/y by value to Rs. 20.6 trn
- FasTag collections rose 10.5% y/y by value to Rs. 56.2 bn
- Power consumption remained flattish at 141.4 BU, due to above normal rainfall. Peak power demand met hit 230.6 GW
- Coal production grew 2.5% y/y to 68.9 mn tonnes owing to a 1% drop in CIL production compensated by captives
- Market clearing volume in DAM rose 34% y/y to 4,576 GWh in Sep'24, while market clearing price in DAM fell ~33% to Rs. 4.19

GST collections rise at slowest pace in 4-months (Source: Mint): Gross GST collections grew 6.5% y/y in Sep'24 to Rs. 1.73 trn. Net collections grew 3.9% y/y to Rs. 1.53 trn, with a 31% y/y increase in refunds. In H1FY25, gross GST collections rose 9.5% y/y to Rs. 10.9 trn, with net collections rising 9% y/y to Rs. 9.6 trn.

Union notifies reconstitution of Monetary Policy Committee (Source: PIB): The Union has reconstituted the MPC of RBI to include 3 appointed members – Prof. Ram Singh, Mr. Saugata Bhattacharya, and Dr. Nagesh Kumar to hold office for a period of 4 years, with effect immediately.

Measures to strengthen derivatives and bond markets by SEBI (Source: SEBI, ET):

- To improve framework for index derivatives, SEBI introduced measures such as upfront collection of option premium, intraday monitoring of position limits, increasing contract size to Rs. 1.5 – Rs. 2 mn, only one benchmark with weekly expiry, additional extreme loss margin of 2%, and change in calendar spread treatment on expiry day
- According to media sources, SEBI has approached the Union to approve tax breaks on municipal bonds to fund grass-roots infrastructure projects

RBI's Committee reviews interest rate benchmarks, plans for transition (Source: RBI): The Committee on MIBOR Benchmark have examined the usage of MIBOR benchmark that underpins 86% of Rs. 100 trn interest-rate derivative contracts. Suggestions include a change in methodology for MIBOR computation and setting up new Secured Overnight Rupee Rate (SORR) as benchmark. Pertaining to IRDs, flexibility is proposed for non-residents for purposes other than hedging, sectoral relaxation for financial sector participants, development of new products and offering electronic trading and clearing.

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

- SGS worth Rs. 199 bn were raised by 12 states, against a notified amount of Rs. 199 bn, with cut-off yields ranging between 6.9% - 7.15%. Notably, 10Y yields ranged between 7.1% - 7.12%.
- 3-day VRRR worth Rs. 938 bn were auctioned, against a notified amount of Rs. 1.75 trn, at a cut-off yield of 6.49%.

International:**Global manufacturing slump extends for 3rd month in Sep'24 (Source: S&P Global):**

- Global manufacturing PMI fell to a 12-month low of 48.8 in Sep'24, with production contracting for the first time in CY24, due to contracting new orders and employment along with rising input and selling costs.
- US manufacturing PMI fell to 47.3 in Sep'24 from 47.9 in Aug'24, with selling prices rising at the fastest pace since Apr'24. Eurozone manufacturing PMI fell to 45 in Sep'24, its lowest showing in CY24

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US employment gains remain strong in Sep'24 (Source: Reuters): According to ADP report, private payroll gains stood at 143k in Sep'24, above expectations of 120k, owing to strength in construction, education, and hospitality. Annual pay grew 4.8% y/y in Sep'24.

US Fed officials support rate cut decision, while remaining cautiously optimistic (Source: Reuters): Mr. Barkin agreed that 50 bps cut was warranted, inflation battle isn't over yet with recent labour market strength and geopolitical conflicts providing upside risks to inflation.

Sliding Eurozone inflation strengthens case for rate cuts (Source: Reuters):

- Eurozone inflation fell to 1.8% y/y in Sep'24, from 2.2% y/y in Aug'24, below expectation of 1.9% y/y, sliding below the 2% target for the first time in the cycle, strengthening case for rate cut expectations. Core inflation dipped to 2.7% y/y in Sep'24, from 2.8% y/y in Aug'24, owing to slowing services inflation.
- In response, ECB officials Ms. Schnabel, Mr. Centeno, and Mr. Vasle expressed confidence on inflation trajectory and Mr. de Guindos expressed concern on growth. Mr. Rehn and Mr. Kazaks a step further and said Oct'24 rate cut is becoming clearer.

Japanese policymakers wary of further rate hikes (Source: Bloomberg): Japan's new PM Mr. Ishiba opined that rate hikes couldn't take place in the current environment and expects easy monetary policy to stay in place for the near term. He has pledged economic packages to overcome deflation. In similar vein, BoJ Governor Mr. Ueda has cautioned against rate hikes and warned against fallout from unstable markets and global uncertainties.

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