SBICAPS Daily Digest



Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.08	-1
US 2Y*	3.95	-1
Germany 10Y	2.18	-3
UK 10Y	4.05	-4
Japan 10Y	0.96	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.72	4
7.10% GS 2034* (10Y)	6.82	4
7.18% GS 2037*	6.88	3
1-Month T-bill	6.45	1
3-Month T-bill	6.44	-1
6-Month T-bill	6.52	-1
12-Month T-bill	6.53	0

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	92	85	84	81
AA	166	165	167	167
Α	356	353	360	369

Source: FIMMDA, as on 17 Oct, 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	4.85

Source: RBI, Federal Reserve Bank of New York

Money Market instruments (Term segment):

Instrument	Volume (in Rs.	Weighted Avg
	Bn)	Rate (%)
Notice Money	95.5	6.47
Term Money	12.3	-
Triparty Repo	3,616.3	6.29
Market Repo	1,509.5	6.29
Repo in corporate bond	0.0	NA

Source: RBI, as of 07 Oct, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	81,224	0.3
NIFTY	24,836	0.3
NASDAQ	18,489	0.6
S&P 500	5,864	0.4
Nikkei 225	38,981	0.2
Euro Stoxx 50	4,986	0.8

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	73.1	-2.1
Natural gas Nymex (USD/MMBtu)	2.3	-3.8
Gold Comex (USD/t oz.)	2,730.0	0.3
Copper Comex (USD/lb)	438.5	1.0
Wheat cbot (USD/bu.)	572.8	-3.3

Source: Bloombera

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	84.08	0.0
GBP/ INR	109.72	0.2
EUR/ INR	90.17	-0.9
EUR/USD	1.09	0.3
DXY Index	103.46	-0.3
Courses Marringstor Planchers Marketwatch		

Today's Key Macro Events:

Germany: PPI Sep'24; China: Policy Rate

News:

Domestic:

RBI Governor warns against premature rate cuts (Source: Mint): Mr. Das ruled out a rate cut in the immediate future, calling it premature, citing significant inflation risks with CPI expected to rise. He added that private credit poses risks to global financial stability with their resilience in down cycles yet to be tested.

Union changes GST rates on key categories (Source: The Hindu Businessline): The Union decided to lower rates on essentials such as 20L packaged drinking water bottles, bicycles, and exercise notebooks to 5% from 12%, while raising taxes on high-end wrist watches and shoes to 28% from 18%. According to media sources, the rate rationalization could lead to revenue gain of Rs. 220 bn.

City Gas Distributors could consider raising CNG prices (Source: ET): According to media sources, leading city gas distributors could raise CNG prices after the Union reduced their gas allocation under APM mechanism. CNG prices are forecast to be raised by Rs. 4-6/kg owing to 20% reduction in APM allocation.

Union analyses tariffs on green hydrogen with plans of cutting (Source: ET): Union is contemplating reducing tariffs on imports of machinery for manufacturing green hydrogen and reduce GST on green hydrogen and ammonia production, spurring production. The current GST rate on the gas is 12%.

Union sets foodgrain production target for 2024-25 (Source: FE): Union has set a record foodgrain production target of 341.6 mn tonnes in 2024-25, higher 3% y/y, with Rabi season contributing 164.6 mn tonnes, Kharif at 161.4 mn tonnes and summer season at 2.3 mn tonnes. Notably, wheat production is projected at record 115 mn tonnes, while oil seeds are projected at 44.8 mn tonnes.

G-Sec and VRRR auctions conducted successfully (Source: RBI):

- Rs. 100 bn of 7.02% GS 2031 were auctioned at cut-off rate of 6.7662%. Rs. 130 bn of 7.23% GS 2039 were auctioned at a cut-off yield of 6.8590%. Rs. 100 bn of 7.09% GS 2054 were auctioned at a cut-off yield of 6.9806%
- 3-day VRRR worth Rs. 548 bn was conducted against a notified amount of Rs. 1.25 trn at a cut-off rate of 6.49%. 13-day VRRR worth Rs. 200 bn was conducted against a notified amount of Rs. 1 trn at a cut-off yield of 6.49%

International:

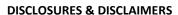
China cuts key lending rates to support growth (Source: CNBC): China cut the 1Y loan prime rate by 25 bps to 3.1% and the 5Y loan prime rate by a similar quantum to 3.6% as part of a package of stimulus measures to revive the economy.

China launches schemes to bolster the stock markets (Source: Reuters): The PBoC announced to pump about USD 112.4 bn into stock markets through newly created monetary policy tools. The Central Bank released operational details for swaps and relending schemes to support capital markets, allowing brokerages, asset managers and insurers to buy stocks.

US budget deficit rises to record highs (Source: Reuters): US budget deficit rose 8% y/y to USD 1.83 trn for fiscal 2024, the highest outside of COVID-19, with a sizable budget gap of 6.4% of GDP in fiscal 2024, up 0.2 pp y/y.

US Fed official urges patience in cutting rates (Source: ForexLive): Mr. Bostic has urged patience in rate cuts, aided strong labour market and ebbing inflation, amidst heightened uncertainty. He sees neutral policy rate in the range of 3% - 3.5%.

ECB officials confident on rate trajectory (Source: ForexLive): Mr. Makhlouf is comfortable with current rate trajectory, stating that it shouldn't be cut faster. Mr. de Galhau predicts return to 2% inflation target by CY25, calling for agile pragmatism while cutting rates





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