

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.19	11
US 2Y*	4.02	7
Germany 10Y	2.28	10
UK 10Y	4.14	9
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*	6.73	1
7.10% GS 2034* (10Y)	6.83	1
7.18% GS 2037*	6.88	1
1-Month T-bill	6.43	-2
3-Month T-bill	6.45	1
6-Month T-bill	6.53	1
12-Month T-bill	6.54	1

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	89	82	82	78
AA	163	162	165	164
A	353	350	358	366

Source: FIMMDA, as on 18 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	4.84

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	93.8	6.50
Triparty Repo	3,732.5	6.46
Market Repo	1,569.3	6.46
Repo in corporate bond	10.2	6.56

Source: RBI, as of 21 Oct, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	81,151	-0.1
NIFTY	24,781	-0.2
NASDAQ	18,540	0.3
S&P 500	5,854	-0.2
Nikkei 225	38,954	-0.1
Euro Stoxx 50	4,941	-0.9

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.0	1.3
Natural gas Nymex (USD/MMBtu)	2.4	4.4
Gold Comex (USD/t oz.)	2,743.3	0.5
Copper Comex (USD/lb)	437.1	-0.3
Wheat cbot (USD/bu.)	566.8	-1.0

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	84.07	0.0
GBP/ INR	109.21	-0.5
EUR/ INR	90.87	0.8
EUR/USD	1.08	-0.4
DX Index	103.94	0.5

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS Auction

News:

Domestic:**RBI releases Monthly Bulletin for Oct'24 (Source: RBI):** Highlights:

- Based on high frequency indicators, real GDP growth projection for Q2FY25 was reduced by 20 bps to 6.8% y/y. Slackening of momentum in the Q2FY25 is due to unusually heavy rains in Aug'24 and Sep'24
- Headline inflation may average 4.5% in the H2FY25 due to good kharif harvest, ample buffer stocks and a likely good crop in ensuing rabi season
- Net FDI rose to USD 6.6 bn during 6MFY25, vs USD 3.2 bn last year. ECB registrations increased m/m in Aug'24 to USD 5.5 bn (Jul'24: 3.6 bn)
- NRI deposits outstanding increased to USD 158.9 bn in Aug'24 from 157.2 bn in Jul'24

Rate rationalisation exercise could see luxury items moving to 28% slab (Source: ET): As per media sources, GST Council is considering moving 58 goods and 24 services, including luxury handbags, sunglasses, and cosmetic procedures, to a 28% GST slab from 18% or 12%. The initiative aims to redefine luxury items and is expected to significantly boost GST collections in phases.

Union to launch coal exchange soon (Source: BS): Mr. Reddy, Coal Minister said that Union is planning to establish a coal exchange to stabilize the prices and improve the availability. It is also mulling creating of a new, independent regulator for the exchange.

Union to extend UDAN scheme (Source: The Hindu Businessline): Mr. Naidu, Civil Aviation Minister said that Union will extend the UDAN scheme by 10 years. He also mentioned that it is targeting to increase number of airports to 350-400 by CY47.

CPSE dividend likely to set new record (Source: BS): The Union may overshoot the FY25 target for CPSE dividends of Rs. 563 bn and reach Rs. 650 bn, as per media sources. As of now Union has collected Rs. 289 bn from CPSEs.

Natural gas imports surge in H1FY25 (Source: FE): Natural gas import bill surged by 15.8% to USD 7.7 bn during H1FY25 from USD 6.5 bn in H1FY24. The surge is attributed to rise in consumption by CGD companies and power sector.

International:**US G-sec yields spike as speakers vouch for gradualism (Source: Reuters):**

- Mr. Schmid called for cautious, gradual, and deliberate approach to rate cuts and said he would prefer avoiding outsized cuts. He affirmed that interest rates will settle well above pre-pandemic rates
- Mr. Kashkari endorsed slow approach to rate cuts, repeating his call for modest rate cuts over several quarters. He added that a rising Budget deficit would mean interest rate would be higher
- Ms. Daly commented that while she favoured a 50-bps cut in the previous meeting, Nov'24 decision will be data dependent. She added that her assessment of the neutral rate is ~3%
- Ms. Logan said she expect gradual rate cuts towards neutral rate can help manage risks if the economy meets expectations
- In response, US 10Y yields spiked to almost 4.2%

German producer prices fall surprisingly in Sep'24 (Source: Bloomberg): German wholesale prices for Sep'24 fall further as it fell by 1.4% y/y as energy prices continued to decline. Energy prices were up 6.6% y/y.

ECB officials express confidence in inflation target path (Source: Reuters):

- Mr. Kazimir expressed his increasing confidence on disinflationary path as he expects inflation to return its target by next year
- Mr. Simkus said that ECB is likely to cut rate to natural level between 2 to 3 % but it may need to further reduce it if inflation becomes entrenched

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