SBICAPS Daily Digest



Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.19	-3
US 2Y*	4.06	0
Germany 10Y	2.26	-4
UK 10Y	4.23	3
Japan 10Y	0.94	-2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.75	0
7.10% GS 2034* (10Y)	6.82	0
7.18% GS 2037*	6.87	0
1-Month T-bill	6.46	-2
3-Month T-bill	6.47	0
6-Month T-bill	6.58	0
12-Month T-bill	6.59	2

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	97	58	83	71
AA	171	138	166	157
Α	361	326	359	359

Source: FIMMDA, as on 23 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	4.83	

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	112.0	6.68
Triparty Repo	4,251.9	6.66
Market Repo	1,490.9	6.66
Repo in corporate bond	7.6	6.92

Source: RBI, as of 24 Oct, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80,065	0.0
NIFTY	24,399	-0.1
NASDAQ	18,415	0.8
S&P 500	5,809	0.2
Nikkei 225	38,143	0.1
Euro Stoxx 50	4,935	0.3

Source: Gooale Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.7	-1.5
Natural gas Nymex (USD/MMBtu)	2.5	5.4
Gold Comex (USD/t oz.)	2,740.4	0.2
Copper Comex (USD/lb)	436.2	0.1
Wheat cbot (USD/bu.)	583.3	0.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	84.08	0.0
GBP/ INR	109.03	0.3
EUR/ INR	90.91	0.5
EUR/USD	1.08	0.4
DXY Index	104.03	-0.3

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: G-Sec Auction, VRR auction; **US:** Durable Goods Sep'24; **Japan:** CPI Oct'24; **Russia:** Policy rate

News:

Domestic:

Union Cabinet takes key decisions (Source: PIB): Highlights:

- Approved 2 major railway infra projects valued at Rs. 68 bn aimed at improving commodity transport connectivity in Bihar and Andhra Pradesh, covering 256 kms and 57 kms respectively
- Approved Venture Capital fund worth Rs. 10 bn for space sector start-ups, expected to support 40 startups, with deployment period up to 5 years.
 FY26 expected to witness deployment of Rs. ~1.5 bn

FM calls for deeper dialogue on global sovereign debt (Source: BS): Ms. Sitharaman advocated a deeper dialogue between countries to meet debt obligations without compromising critical investments, while cautioning against contingency financing instruments as they worsen debt challenges.

FM to review PSBs co-lending and MSME credit (Source: BS): As per media sources, progress on building a credit rating system for MSMEs announced in the FY25 Union Budget, as well as co-lending regulations for banks and NBFCs is likely to be discussed in the upcoming meeting of PSBs and the Finance Ministry.

Union in works to ease loans for SMEs and ecommerce exporters (Source: ET): Union is developing a new collateral free, pre shipment loan scheme for SME and ecommerce exporters. It aims to expand export credit and lower interest rates to help achieve the target of USD 2 trn in exports by CY30.

Project stalling rate eases (Source: BS): Rate of private sector projects stalling has fallen to lowest in over decade as only 4.6% of outstanding projects were stalled till Sep'24. It had touched the peak of 10.5% in Mar'20.

SEBI proposes mark to market valuation for MF's short term repo deals (Source: SEBI): SEBI has proposed that valuations of MF's investment in repo transactions with tenure of up to 30 days to be conducted on a mark to market basis. Currently it is carried out on a cost accrual basis. It will align them with other money market and debt instruments.

International:

Record defaults hit Chinese municipal debt market (Source: Bloomberg): While there are little estimates due to opaqueness of the market, defaults in local debt market valued at USD 800 bn have surged to a record high, ensnaring investors who'd assumed the securities had an implicit guarantee from the state.

China fiscal measures are insufficient to curb deflation risks: IMF (Source: Bloomberg): As per IMF official Mr. Srinivasan, China's recent fiscal measures fall short of what's needed to address deflationary risks plaguing the economy because domestic demand is very weak. He further added that recent policies could boost the IMF's forecast of 4.8% y/y real growth in CY25, but property sector needs aid.

Russia pushes for BRICS clearing and depository system (Source: Bloomberg): Russia has set out proposals for a unified depository and clearance system for BRICS countries, as it seeks to persuade member nations to deepen financial cooperation without the involvement of the West. The aim would be to ensure uninterrupted cross-border securities transactions as an alternative to the Euroclear and Clearstream systems, as per media sources.

Japanese FM warns against one-sided currency moves (Source: Reuters): Japanese FM Mr. Kato issued a warning against currency speculation, expressing concern over one-sided, rapid moves in the currency market that have been driving down value of JPY. Vigilance in exchange rate movements have been heightened.

Contd...

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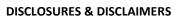


Global flash PMIs witness divergent trends in Oct'24 (Source: S&P Global):

- US flash PMIs faster than anticipated with the composite chiming strongly in expansion at 54.3, led by robust service activity with PMI at 55.3, above expectations of 55. Manufacturing PMI printed 47.8 vs 47.3 in Sep'24
- Eurozone flash composite PMI rose marginally to 49.7 in Oct'24 from 49.6 in Sep'24, albeit lower than expectations, led by marginally lower service activity offsetting gains in manufacturing

ECB officials continue to advocate measured monetary easing (Source: Forexlive):

- Mr. Vasle said that ECB should focus on measured cuts as growth recovery might be delayed and talks of undershooting inflation unwarranted.
- Mr. Lane sees positive signs in receding inflation and expects target in CY25. Mr. Holzmann added that 25 bps cut in Dec'24 is not ruled out. Mr. Kazaks added against remaining restrictive for long as soft-landing is still possible





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