

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.44	3
US 2Y*	4.30	1
Germany 10Y	2.36	0
UK 10Y	4.46	-1
Japan 10Y	1.07	1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.81	4
7.10% GS 2034* (10Y)	6.86	3
7.18% GS 2037*	6.93	4
1-Month T-bill	6.31	-2
3-Month T-bill	6.44	1
6-Month T-bill	6.60	0
12-Month T-bill	6.62	2

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	95	71	33	74
AA	171	153	116	157
A	359	342	311	362

Source: FIMMDA, as on 13 Nov, 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	4.60

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Notice Money	69.9	6.45
Term Money	4.0	-
Triparty Repo	4,328.4	6.32
Market Repo	1,583.5	6.30
Repo in corporate bond	0.0	-

Source: RBI, as of 14 Nov, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,580	-0.1
NIFTY	23,532	-0.1
NASDAQ	18,680	-2.2
S&P 500	5,870	-1.3
Nikkei 225	38,642	0.3
Euro Stoxx 50	4,794	0.8

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	71.0	-1.4
Natural gas Nymex (USD/MMBtu)	2.8	-4.7
Gold Comex (USD/t oz.)	2,570.0	0.2
Copper Comex (USD/lb)	410.9	1.8
Wheat cbot (USD/bu.)	554.0	2.1

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	84.41	0.0
GBP/ INR	106.60	-0.5
EUR/ INR	88.88	-0.2
EUR/USD	1.05	-0.1
DXI Index	106.67	0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRRR Auction;

News:

Domestic:

Overall trade deficit widens in Oct'24 (Source: PIB):

- Oct'24 Merchandise trade deficit widened to USD 27.1 bn from USD 20.8 bn in Sep'24 however lower than last year
- Merchandise exports grew 17% y/y to USD 39.2 bn in Oct'24 driven by rice (86% y/y), electronics (45% y/y) and engineering goods (40% y/y).
- Merchandise imports grew 3.9% y/y to USD 66.3 bn in Oct'24, driven by cotton, paper and vegetable oil
- Service exports grew 21% y/y to USD 34 bn while imports grew 25.9% y/y to USD 17 bn taking service surplus to USD 17 bn in Oct'24.
- Overall deficit widened to USD 10.1 bn in Oct'24, from USD 6.5 bn in Sep'24

RBI Governor lauds domestic growth story, despite global slowdown (Source: RBI):

Mr. Das exclaimed that domestic economy remains robust with strong fundamentals, stable financial system and resilient external sector, despite signs of global slowdown amidst geopolitical fragmentation, commodity price volatility and supply chain disruptions. Inflation, which has shot up recently, is expected to moderate going forward.

WPI rises to 4-month high in Oct'24 (Source: PIB):

WPI rose to 4-month high of 2.4% y/y in Oct'24, from 1.8% y/y in Sep'24, driven by driven 8.1% y/y rise in primary articles, 1.5% y/y rise in manufactured products, while fuel and power prices fell 5.8% y/y. Notably, food articles surged 13.5% y/y in Oct'24, owing to 63% y/y rise in vegetable and 8% y/y rise in cereal prices.

Rating agencies upbeat on domestic growth scenario (Source: BS):

- Moody's raises domestic growth forecast by 0.1pp for CY24 and CY25. As per Moody's -RBI is expected to maintain relatively tight monetary policy owing to inflation risks from geopolitical tensions and weather events.
- S&P Global projects domestic growth between 6.5% - 7% y/y from FY25 to FY27 driven by infrastructure spending and private consumption. It foresees growth supporting banks' asset quality with healthy corporate balance sheet and tighter underwriting standards stabilizing asset quality.

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

- 7.04% GS 2029 worth Rs. 140 bn were auctioned at a cut-off yield of 6.8026%. New GS 2039 worth Rs. 130 bn were auctioned at a cut-off yield of 6.92%. 7.09% GS 2054 worth Rs. 100 bn were auctioned at a cut-off yield of 7.0339%.
- 15-day VRRR worth Rs. 84 bn were auctioned against a notified amount of Rs. 1.75 trn at a cut-off yield of 6.49%

International:

US Fed officials cautious on future path of policy (Source: Reuters, ForexLive):

- Mr. Powell exclaimed that there is no need to hurry to lower rates because of a strong economy and inflation path which seems bumpy.
- Ms. Kugler believes that it's appropriate to only gradually cut rates and stalling disinflation could call for pause in rate cuts.
- Mr. Goolsbee dovishly stated that rates could be lowered 125 bps in the next 18 months, albeit is not comfortable charging towards neutral rate.
- Ms. Collins feels that Dec'24 rate cuts are not off the table but doesn't see urgency to lower rates as service inflation remains elevated.
- Mr. Barkin expects inflation to lower in Q1CY25, with the core PCE staying in the higher 2s.

US economic resilience underscored by retail sales surge (Source: US Census Bureau): US retail sales grew 2.8% y/y in Oct'24, from an upwardly revised 2% y/y in Sep'24, driven by 3.4% y/y rise in motor vehicles and 7% y/y rise in electronic good sales.

US PPI accelerates more than expected in Oct'24 (Source: Reuters): US PPI rose 2.4% y/y in Oct'24, from 1.8% y/y in Sep'24, overshooting expectations of 2.3% y/y, driven by 3.5% y/y rise in price of services. Notably, core PPI rose 3.1% y/y in Oct'24, above expected 3% y/y rise, while energy prices fell 4.1% y/y in Oct'24.

ECB monetary policy accounts: Highlights: (Source:ECB):

- Members feel disinflationary process is on track to reach target earlier than expected with upside risks to inflation now seen at lower levels.
- Members assessed downside risks to growth, complicated by geopolitical turmoil, lower trade and aftereffects of monetary policy tightening
- Policymakers noted that acting now could provide insurance against downside risks of undershooting inflation target.

China economic data remains a mixed bag (Source: Reuters):

- Retail sales grew 4.8% y/y in Oct'24, from 3.2% y/y in Sep'24, owing to acceleration in incremental policy stimulus.
- Industrial production growth stayed flattish at 5.3% y/y in Oct'24 from Sep'24, lower than forecasted 5.6% y/y.
- Fixed asset investment rose 3.4% y/y in Oct'24, missing estimates of 3.6% y/y, owing to a 10.3% y/y slump in real estate investments with a 5.9% drop in new home prices.

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Details of Research Analysts

Name	Rajan Jain	Name	Soham Bobde
Qualification	PGDBA	Qualification	MBA
Designation	Head- Credit Research	Designation	Associate

Details of Research Analyst entity

Name	SBI Capital Markets Limited
Registration Number	INH000007429
Address	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
Telephone Number	+91 22 4196 8300
Compliance Officer	Bhaskar Chakraborty
Email id	compliance.officer@sbicaps.com
Telephone Number	+91 22 4196 8542

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