

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.19	2
US 2Y*	4.17	2
Germany 10Y	2.03	-6
UK 10Y	4.21	-3
Japan 10Y	1.08	5

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.63	-4
7.10% GS 2034* (10Y)	6.75	-3
7.18% GS 2037*	6.84	-3
1-Month T-bill	6.43	0
3-Month T-bill	6.43	-4
6-Month T-bill	6.63	-2
12-Month T-bill	6.56	-4

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	65	54	42	35
AA	143	138	130	128
A	333	326	321	324

Source: FIMMDA, as on 29 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	9.00
SOFR	4.59

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	105.6	6.52
Triparty Repo	4,317.0	6.36
Market Repo	1,535.3	6.41
Repo in corporate bond	13.0	6.60

Source: RBI, as of 02 Dec, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80,248	0.6
NIFTY	24,274	0.6
NASDAQ	19,404	1.0
S&P 500	6,047	0.2
Nikkei 225	38,513	0.8
Euro Stoxx 50	4,847	0.9

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	71.8	-0.1
Natural gas Nymex (USD/MMBtu)	3.2	-4.8
Gold Comex (USD/t oz.)	2,658.3	-0.8
Copper Comex (USD/lb)	411.4	-0.6
Wheat cbot (USD/bu.)	550.8	0.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	84.70	0.2
GBP/ INR	107.17	-0.5
EUR/ INR	88.85	0.6
EUR/USD	1.05	-0.8
DXI Index	106.53	0.7

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS Auction, US: JOLTS Oct'24

News:

Domestic:

Manufacturing growth eases in Nov'24 (Source: S&P Global): The pace of manufacturing activity expansion slowed as PMI fell to 56.5 in Nov'24 from 57.5 in Oct'24 (estimate: 57.3). The growth was fuelled by strong international demand, evidenced by high new export orders. However, the rate of output expansion is decelerating due to intensifying price pressures.

FastTag collections rise sharply on year (Source: RBI): FastTag collections surged by 14.5% y/y to Rs. 60.7 bn in Nov'24. This is the strongest growth seen since Mar'24 and came in the wake of festive season.

Union abolishes windfall tax (Source: BS): Union has withdrawn the windfall tax on ATF, crude oil, petrol, and diesel effective immediately. The tax had become less effective as global crude oil prices declined. Additionally, it has removed the Road and Infrastructure Cess (RIC) on petrol and diesel exports.

Union may miss FY25 capex (Source: FE): As per media sources, Union's capital expenditure is likely fall short of annual target of Rs. 11 trn by upto Rs. 600 bn to Rs. 1 trn. The shortfall would be across Ministries and capex loans to states except for railways and NHAI.

AIFs seek tax passthrough to compete (Source: BS): AIF industry is planning to request for passthrough status or parity on taxation to compete with new emerging asset classes. At present Cat 3 AIFs pay tax at fund level leading to effective tax as high as 39% where as in MFs it is taxed at investor level.

H2FY25 GDP number likely to be better, officials retain growth target (Source: ET): DEA Mr. Seth predicted improvement in H2FY25 GDP numbers, taking succour from several high-frequency indicators in the month of Oct'24. Both CEA and EAS reiterated that the target of 6.5%-7.0% was achievable for FY25.

Union revises GDP base year to FY23 (Source: PIB): Union has updated the base year for GDP calculation from FY12 to FY23 by Feb'26. Additionally, new monthly labour force estimates will be released from Jan'25.

NBFC's AUM may slowdown in FY25: CRISIL (Source: The Hindu Businessline): CRISIL projected that the growth in AUM of NBFCs is set to moderate to 15%-17% y/y in FY25 and FY26. The decline from 23% in in FY24 is attributed to the evolving operating and regulatory environments and recalibrate strategies adopted. It also mentioned that the weakening asset quality metrics necessitated recalibration.

Rabi-season crop sowing increases (Source: PIB): As on 2 Dec'24, sown area has crossed 42.9 mn hectares from 41.2 mn hectares last year. Wheat recorded 6.6% y/y rise and pulses grew by 3.6% y/y. However, oilseeds saw a decline of 5% y/y.

International:**US Fed officials keep options open for Dec'24 cut (Source: Bloomberg)**

- Mr. Walker said he is leaning towards a rate cut in Dec'24 while he is keeping eye on the upcoming data
- Mr. Bostic commented that economy continued to look strong and inflation likely to move down that merited more cuts for Dec'24
- Mr. Williams said Fed need to lower rates further to move policy to a normal stance now that risks have become more balanced

US tightens curbs on China's access to AI memory, chip tools (Source: Bloomberg): US announced new export restrictions to curb China's ability to make advanced semiconductors used in weapon systems and AI. The new rules also include controls on 24 types of chipmaking equipment and 3 software tools for semiconductors.

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US manufacturing sector improves whereas Eurozone remains weak (Source: S&P Global)

- US manufacturing PMI brightened as it printed 5M high mark of 49.7 in Nov'24 as new orders saw slower reduction. Also, US ISM manufacturing PMI improved to 48.4 in Nov'24
- Eurozone manufacturing sector deteriorated further in Nov'24 as manufacturing PMI dropped by 0.8 to 45.2 owing to stronger declines in new factory orders, production, purchasing activity and inventories

China to maintain supportive monetary policy: PBoC Gov (Source: Forexlive): Mr. Pan said that China will maintain supportive monetary policy stance and policy orientation in CY25. It will utilize tools and increase countercyclical regulation to maintain liquidity and reduce overall financing costs. It will leverage structural tools to promote the stable development of the real-estate market and capital market.

ECB officials signal a dovish stance (Source: Luxembourg Times, The Irish Times):

- Mr. Kazaks opined that ECB should continue to cut rate in Dec'24 as consumer price growth is nearly in check
- Mr. Rehn commented that there are ample reasons from Germany and France for ECB to continue cutting rates in Dec'24
- Mr. Lane suggested that ECB should abandon crisis era strategy on interest rate and needs to focus on upcoming risks rather than being backward-looking

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