

SBICAPS Daily Digest

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.39	0
US 2Y*	4.24	0
Germany 10Y	2.23	-1
UK 10Y	4.52	8
Japan 10Y	1.06	1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.68	1
7.10% GS 2034* (10Y)	6.80	1
7.23% GS 2039	6.86	1
1-Month T-bill	6.50	2
3-Month T-bill	6.44	3
6-Month T-bill	6.59	1
12-Month T-bill	6.55	2

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	89	82	83	61
AA	167	168	173	157
A	360	359	365	352

Source: FIMMDA, as on 16 Dec, 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	4.65

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	128.9	6.70
Triparty Repo	4,141.8	6.62
Market Repo	1,497.7	6.69
Repo in corporate bond	13.4	6.86

Source: RBI, as of 17 Dec, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80,684	-1.3
NIFTY	24,336	-1.3
NASDAQ	20,109	-0.3
S&P 500	6,050	-0.4
Nikkei 225	39,365	-0.2
Euro Stoxx 50	4,943	-0.1

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	73.3	-0.9
Natural gas Nymex (USD/MMBtu)	3.4	5.0
Gold Comex (USD/t oz.)	2,646.7	-0.9
Copper Comex (USD/lb)	413.7	-1.1
Wheat cbot (USD/bu.)	545.0	-1.0

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	84.90	0.0
GBP/ INR	107.86	0.1
EUR/ INR	89.08	-0.1
EUR/USD	1.05	-0.2
DX Index	106.93	0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: T-Bill Auction; **US:** Fed Policy, Current Account Q3CY24; **Eurozone:** CPI Nov'24; **Japan:** Trade Balance Nov'24

News:

Domestic:

SEBI may relax some AIF norms (Source: Financial Express): SEBI Whole-time-member Mr. Narayan said that the regulator is mulling to relax some of the restrictions placed on the industry, after they have solved their purpose of preventing circumvention of regulations. He added that an estimated Rs. 1 trn of investments made have been structured to bypass regulations.

SEBI tightens rules for FPIs issuing ODIs (Source: SEBI): Under the new SEBI guidelines, FPIs must now collect ownership details of shareholders controlling offshore derivative instruments (ODIs). Further, FPIs are not allowed to issue ODIs with derivatives as underlying, not allowed to hedge ODIs with derivatives on Indian exchanges, and SEBI also places limits on issue.

Union plans imposing duties on steel (Source: BS): As per media sources, Union is planning to impose around 25% safeguard duty on steel imports, to help to curb cheap Chinese imports.

Lower Q2FY25 GDP growth is a temporary blip: Ms. Sitharaman (Source: BS): FM added that the economy will see healthy growth in the coming quarters, and that there is no broad-based slowdown in the manufacturing, with half of the sub-sectors remaining strong.

RBI conducts multiple VRR auctions as banking liquidity deficit hits highest in 6-months (Source: ET, RBI):

- Advance tax payments, festive season cash withdrawals and likely RBI intervention to stabilize the currency led to the banking system deficit reaching Rs. 1.5 trn as on 17 Dec'24, pushing up short-term yields
- 3-day VRR worth Rs. 500 bn were auctioned against a notified amount of Rs. 500 bn at a cut off rate of 6.54%. Notably, Rs. 835.7 bn of bids received
- 1-day VRR worth Rs. 231.9 bn were auctioned against a notified amount of Rs. 250 bn at a cut-off rate of 6.51%

SGS auctions conducted successfully (Source: RBI): SGS worth Rs. 203.3 bn were auctioned by 13 states, against notified amount of Rs. 203.3 bn, with cut-off yield ranging between 6.97% - 7.13%. Notably, 10Y yields stood between 7.11-7.12%

International:

US retail sales outperform expectations, signalling sustained consumer spending (Source: Bloomberg): US retail sales grew by 0.7% m/m in Nov'24, exceeding expectations of a 0.6% increase (Oct'24: 0.5%), reaching USD 724.6 bn. The same was led by a pick-up in Auto sales and festive season demand witnessed in rising e-commerce sales. Notably, core retail sales grew by 0.2% m/m.

US President-Elect threatens tariff wars to pursue fair trade practice (Source: BS): Mr. Trump claimed to impose reciprocal tariffs on countries like India and Brazil, in retaliation to higher tariffs imposed on American products, highlighting "reciprocity" as a key principle for incoming administration.

China plans record budget deficit in CY25 (Source: Reuters): As per media sources, China plans a budget deficit of 4% of GDP in CY25, up from 3% in CY24, with the growth target remaining unchanged at 5% y/y. The same will lead to additional USD 179.4 bn spending and is a part of plans to counter US tariff measures.

Japan merchandise trade deficit lower than expected in Nov'24 (Source: CNBC): Japan's merchandise exports rose 3.8% y/y in Nov'24 (Exp: 2.8% y/y), driven by exports to China and Asia, while imports fell 3.8% y/y (Exp: 1% y/y), leading to a merchandise trade deficit of USD 765.2 mn.

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