

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.51	12
US 2Y*	4.34	10
Germany 10Y	2.24	1
UK 10Y	4.56	4
Japan 10Y	1.05	-1

Source: Bloomberg, \*semi-annual

## G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.68	0
7.10% GS 2034* (10Y)	6.79	-1
7.23% GS 2039	6.84	-2
1-Month T-bill	6.49	-1
3-Month T-bill	6.45	1
6-Month T-bill	6.63	4
12-Month T-bill	6.62	7

Source: CCL, Bloomberg, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	93	78	80	73
AA	171	164	170	169
A	364	355	362	364

Source: FIMMDA, as on 17 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	4.62

Source: RBI, Federal Reserve Bank of New York

## Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	128.9	6.69
Triparty Repo	4,278.0	6.51
Market Repo	1,503.5	6.59
Repo in corporate bond	15.0	6.82

Source: RBI, as of 18 Dec, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80,182	-0.6
NIFTY	24,198	-0.6
NASDAQ	19,393	-3.6
S&P 500	5,872	-2.9
Nikkei 225	39,081	-0.7
Euro Stoxx 50	4,957	0.3

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	72.9	-0.5
Natural gas Nymex (USD/MMBtu)	3.4	1.5
Gold Comex (USD/t oz.)	2,619.7	-1.0
Copper Comex (USD/lb)	409.9	-0.9
Wheat cbot (USD/bu.)	538.3	-1.2

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	84.96	0.1
GBP/ INR	107.06	-0.7
EUR/ INR	88.17	-1.0
EUR/USD	1.04	-1.1
DX Index	108.05	1.0

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

**US:** GDP Q3CY24, Initial Jobless Claims; **Policy Decisions:** UK, Norway, Sweden, Japan, Taiwan;

## News:

Domestic:

**Direct tax collection displays robust growth in YTD FY25 (Source: BS):** Net direct tax collection grew 16.5% y/y to Rs. 15.8 trn in YTD FY25, as of 17<sup>th</sup> Dec'24, with corporate tax collection at Rs. 7.6 trn, personal income tax at Rs. 8 trn and STT at Rs. 401 bn. Notably, gross direct tax collection grew 20.3% y/y to Rs. 19.2 trn.

**RBI curbs NDF use to counter a strong USD (Source: BS):** According to media sources, RBI has started letting short USD positions in NDFs expire, to curb a strengthening USD, as INR trades at all-time lows. In turn, banks, which are counterparties for these NDFs, are buying USD onshore, squeezing INR liquidity. RBI intends to manage this with increased repo operations.

**SEBI introduces raft of measures to strengthen capital markets (Source: SEBI):**

- To alleviate concerns around transparency and governance of SME listing, SEBI tightened SME IPO norms including requirement of Rs. 10mn operating profit, cap on OFS at 20% of issue size and lock-in for promoter at 50% of holdings in 1st year and rest hence.
- In relation to securitized debt instruments, the Board mandated listed instruments to be in demat form, defined minimum ticket size at Rs 10 mn, introduced periodic disclosure requirements and barred any single obligor from constituting more than 25% of asset pool.
- To improve ease of doing business for REITs and InvITs, the board permitted use of interest rate derivatives to hedge risk, transfer of locked-in units within the sponsor group and investment in liquid mutual funds.

**T-Bill auction conducted successfully (Source: RBI):** 91-day T-Bill worth Rs. 165 bn were auctioned, against a notified amount of Rs. 70 bn, at a cut-off rate of 6.4726%. 182-day T-Bill worth Rs. 68 bn were auctioned, against a notified amount of Rs. 60 bn, at a cut-off rate of 6.6400%. 364-day T-Bill worth Rs. 60 bn were auctioned, at a cut-off rate of 6.6300%.

International:**US FOMC cuts rates, calls for slower pace moving forward (Source: Reuters):**

- US Fed cut policy rates by 25 bps to 4.25% - 4.5%, its third consecutive rate reduction totalling 100 bps since Sep'24.
- Taper-off of balance sheet was maintained at USD 25 bn per month for treasuries and USD 35 bn for MBS.
- Mr. Powell interjected that the extent and timing of further reductions in borrowing costs hinge on progress in lowering inflation.
- Real GDP projections for CY24 and CY25 were revised upwards by 50 bps and 10 bps to 2.5% and 2.1% respectively from the Sep'24 projections
- Median Core PCE projection was also increased by 20 bps and 30 bps to 2.8% and 2.5% in CY24 and CY25 respectively. Core PCE is expected to reach target only in CY27 instead of CY26 projected in Sep'24
- Unemployment rate projections were revised downwards by 10 bps to 4.2% in CY24 and then increase marginally to 4.3% in the ensuing years

**Japan keeps interest rate steady (Source: Reuters):** Japan kept its interest rate steady at 0.25%, amidst uncertainty in US economic plans. BOJ commented that economy is recovering moderately, albeit with some weaknesses, while stating that uncertainty surrounding Japan's economy and prices remain high.

**Emerging market Central Banks hold rates, gauging uncertainty (Source: Reuters):**

- Thailand left policy rate unchanged at 2.25%, after Oct'24 cuts, despite low inflation, citing economic uncertainty due to shift in global policies.
- Indonesia kept its policy rate unchanged at 6%, in a bid to support a sliding IDR, amidst increasingly uncertain global economy.

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**IEA forecasts coal demand to keep rising through CY27 (Source: Bloomberg):** According to IEA, coal demand is set to rise to 8.9 bn tonnes by CY27, overwriting previous forecasts of decline in the coming decade, driven by rising demand from India and China, despite net-zero pledges at global forums.

**US current account deficit rises to record highs in Q3CY24 (Source: US BEA):** US current account deficit widened to record high USD 311 bn in Q3CY24, from USD 275 bn in Q2CY24, clocking 4.2% of GDP. Notably, import of goods and services rose 2.8% y/y to USD 1.52 trn, while exports rose 0.5% y/y to USD 1.21 trn in Q3CY24.

**ECB officials divulge over inflation outlook (Source: ForexLive):**

- Mr. Lane conveyed confidence over disinflation trajectory and claimed that financial conditions still remain restrictive.
- Mr. Wunsch is comfortable with 4 more rate cuts to 2% neutral rate in CY25. He opined that tariffs could make large impact on inflation but not growth.

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