

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.56	5
US 2Y*	4.31	-3
Germany 10Y	2.30	6
UK 10Y	4.58	2
Japan 10Y	1.02	-3

Source: Bloomberg, \*semi-annual

## G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.73	5
7.10% GS 2034* (10Y)	6.82	4
7.23% GS 2039	6.88	4
1-Month T-bill	6.50	1
3-Month T-bill	6.47	2
6-Month T-bill	6.65	2
12-Month T-bill	6.64	2

Source: CCL, Bloomberg, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	ss	76	82	74
AA	167	162	172	170
A	360	353	364	365

Source: FIMMDA, as on 18 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	4.57

Source: RBI, Federal Reserve Bank of New York

## Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	130.6	6.71
Triparty Repo	4,258.6	6.55
Market Repo	1,447.6	6.60
Repo in corporate bond	17.2	6.81

Source: RBI, as of 20 Dec, 2024

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	79,218	-1.2
NIFTY	23,952	-1.0
NASDAQ	19,373	-0.1
S&P 500	5,867	-0.1
Nikkei 225	38,890	-0.5
Euro Stoxx 50	4,879	-1.6

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	72.5	-0.5
Natural gas Nymex (USD/MMBtu)	3.7	6.4
Gold Comex (USD/t oz.)	2,611.9	-0.3
Copper Comex (USD/lb)	409.0	-0.2
Wheat cbot (USD/bu.)	534.5	-0.7

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.07	0.1
GBP/ INR	106.22	-0.8
EUR/ INR	88.07	-0.1
EUR/USD	1.04	-0.2
DX Index	108.43	0.4

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

**India:** G-Sec Auction, VRR Auction, Cabinet meeting; **US:** PCE Nov'24; **UK:** Retail Sales Nov'24; **Japan:** CPI Nov'24; **Policy Rate:** China, Philippines

## News:

Domestic:

**RBI urges states to form a fiscal consolidation roadmap (Source: RBI):** As per RBI report on State Budgets, States have demonstrated fiscal prudence, while continuing to improve expenditure quality, evidenced by reducing gross fiscal deficit and rising capex. RBI has noted that a sharp rise in subsidy spending could crowd out more productive expenditure, hampering infrastructure spends. It called for rationalizing of centrally sponsored schemes, while warning against elevated subnational debt.

**Union prepares to boost US trade with policy tweaks (Source: ET):** According to media sources, Union is preparing to offer tariff cuts on US goods including farm goods and medical devices, seeking favourable trade deal with the incoming administration. To address concerns over trade imbalance, Union officials have proposed increased purchase of LNG and defense goods.

**Road InvIT AUM to rise to Rs. 3.2 trn by Mar'26: CRISIL (Source: BS):** According to CRISIL Ratings, the AUM of InvITs in the road sector are poised to surge 68% to Rs. 3.2 trn by Mar'26 from Rs. 1.9 trn as of Sep'24. The growth is expected to be fuelled by the expansion of existing InvITs' asset pool and new InvITs accompanied by diversification in terms of geography and concession type.

**Domestic financing deals rise despite global slowdown (Source: The Hindu BusinessLine):** Domestic deal volumes rose 11.7% y/y in 11MCY24, despite 3.6% y/y slowdown in APAC region, while China's volumes fell 22% y/y. Notably, rise in M&A deals was offset by decline in PE/VC financing.

**Union tightens norms on unregulated lending (Source: BS):** With the aim to curb lending that is not regulated by any legal framework, Union has proposed to classify unregulated lending as a cognizable and non-bailable offense, deterring lenders who use unlawful methods to recover loans.

International:

**Russia wary of rising prices, policymakers tasked with reigning it in (Source: CNBC):** Russia's President Mr. Putin admitted that high inflation is an alarming signal, driven by a weakening RUB. He added that the Central Bank has been tasked with bringing down the tempo of the overheating economy.

**US GDP growth outpaces expectations (Source: US BEA):** US real GDP was revised upwards by 20 bps to 3.1% q/q saar in Q3CY24 in the third estimate, driven by increases in consumer spending, exports and fixed investments, offset by upward revision in imports. Notably, PCE was unchanged at 1.5% q/q saar in Q3CY24.

**US policymakers reject government funding bill backed by incoming administration (Source: Reuters):** US House of Representatives reject government funding bill backed by President-Elect Mr. Trump, which included increased government spending and removal of debt ceiling. The package failed by a vote of 174-235, with officials citing lack of fiscal responsibility as the reason, while no plan remains to avert a government shutdown.

**BoE holds rate amidst heightened uncertainty (Source: BBC):** BoE held interest rates at 4.75%, with a 6-3 split in the MPC vote, as heightened uncertainty in the economy outweighs growth slowdown fears. Governor Mr. Bailey advocated for a gradual approach to rate cuts as inflation and wages grow faster than expected.

**China holds policy rate amidst concerns over CNY depreciation (Source: Bloomberg):** China held the 1Y loan prime rate at 3.1% and the 5Y loan prime rate at 3.6%, in line with market expectations, as weakening CNY and slimming bank NIMs limits scope for monetary easing.

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## SBICAPS Daily Digest

**Rising inflation in Japan bodes well for BoJ rate hike course (Source: Reuters):** Japan's CPI rose 2.9% y/y in Nov'24, from 2.3% y/y in Oct'24, driven by services-sector inflation. Notably, core inflation's rise of 2.7% y/y in Nov'24 above expectations of 2.6% y/y.

**Global Central Banks adapt policy rates to potential US policies (Source: Reuters):**

- Norway kept interest rates unchanged at 4.5% to stabilize inflation around target, while citing worries over international trade.
- Taiwan held rates at 2%, amidst growth momentum, stating uncertainty about US trade policy advocated for cautious approach to policy rate.
- Sweden cut policy rate by 25 bps to 2.5%, cutting for 5<sup>th</sup> time in CY24, but underscored caution in CY25 as inflationary fear flares up again.
- Mexico cut policy rate by 25 bps to 10%, in line with estimates, emboldened by falling inflation.

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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	<a href="mailto:compliance.officer@sbicaps.com">compliance.officer@sbicaps.com</a>
Telephone Number	+91 22 4196 8542

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