

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.52	-4
US 2Y*	4.31	0
Germany 10Y	2.28	-2
UK 10Y	4.51	-7
Japan 10Y	1.04	2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.73	0
7.10% GS 2034* (10Y)	6.82	0
7.23% GS 2039	6.88	0
1-Month T-bill	6.50	0
3-Month T-bill	6.47	0
6-Month T-bill	6.65	0
12-Month T-bill	6.64	0

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	87	85	80	73
AA	165	171	170	169
A	358	362	362	364

Source: FIMMDA, as on 19 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	4.30

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Notice Money	101.8	6.78
Term Money	2.7	-
Triparty Repo	4,077.4	6.71
Market Repo	1,466.4	6.71
Repo in corporate bond	0.0	-

Source: RBI, as of 20 Dec, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,041	-1.5
NIFTY	23,587	-1.5
NASDAQ	19,572	1.0
S&P 500	5,930	1.1
Nikkei 225	38,701	-0.5
Euro Stoxx 50	4,862	-0.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	72.9	0.6
Natural gas Nymex (USD/MMBtu)	3.8	2.7
Gold Comex (USD/t oz.)	2,645.1	1.3
Copper Comex (USD/lb)	410.1	0.3
Wheat cbot (USD/bu.)	533.0	-0.3

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.02	-0.1
GBP/ INR	106.74	0.5
EUR/ INR	88.48	0.5
EUR/USD	1.04	0.6
DXI Index	107.82	-0.6

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; US: Consumer Confidence Index Dec'24; UK: GDP Q3CY24;

News:

Domestic:

MPC members wary of inflation shocks: RBI MPC Minutes (Source: RBI):

- MPC members noted adverse near-term outlook for inflation and growth, compounded by geopolitical tensions and financial market volatility.
- Mr. Das claimed that policy priority was to align inflation to target, increasing household income to foster sustainable growth.
- Dr. Patra admitted that winter easing in food prices may provide pivot point to rekindle growth amidst improving consumption and investments.
- Dr. Kumar and Mr. Singh voted for 25-bps rate cut, amidst weakness in consumption and investments, while urging to explore non-rate measures to enhance liquidity like 50 bps CRR cut.

GST council review levies on key outputs: Highlights: (Source: Mint):

- The Council recommend exemption of GST on contribution by general insurance companies from third party motor vehicle premiums.
- GST has been exempt on gene therapy, and reduced for rice kernels to 5%. Notably, compensation CESS has been reduced to 0.1% for supplies to merchant exporters.
- Notably, decisions pertaining to tax relief for health insurance products, food delivery platforms and rate rationalisation were deferred.

Oil and Gas CPSEs on track to exceed IEBR capex (Source: BS): According to media sources, CPSEs in oil and gas sector are set to exceed their annual internal and extra-budgetary resources (IEBR) capex targets in FY25, for 5th time in a row, with wide scale of projects meeting project deadlines.

SEBI guides industry standards on BRSR Core (Source: SEBI): SEBI and Industry Standards Forum have formulated industry standards for the implementation of BRSR Core. Listed entities will follow these standards and the applicability will be from FY25 and onwards

IFSCA eases fund management rules in GIFT IFSC (Source: The Hindu BusinessLine): To promote fund managers to set up shop, IFSCA has eased fund management rules including reduction in minimum corpus for schemes from USD 5 mn to USD 3 mn, flexibility in transfer of funds in PMS and relaxed regulatory requirements for appointment of key managerial personnel.

CII seeks reforms in Priority Sector Lending policies (Source: ET): According to media sources, CII has proposed reforms in PSL framework and adding new sectors like digital infrastructure and green initiatives while reviewing current allocations to reflect decreasing share of agriculture and increased manufacturing potential.

VC activity surges in 11MCY24, driven by tech sector (Source: BS): Total value of venture capital investments rose 14% y/y in 11MCY24 to USD 16.8 bn, rising 22% y/y in volume terms to 888 deals. Notably, technology sector investments rose 53% y/y to USD 6.5 bn, offset by fall of 0.6% y/y in financial sector to USD 2.2 bn.

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

- New GS 2029 worth Rs. 140 bn were auctioned at cut-off yield of 6.75%. 7.34% GS 2064 worth Rs. 150 bn were auctioned at a cut-off yield of 7.0653%.
- 7-day VRR worth Rs. 1.5 trn were auctioned at cut-off rate of 6.52%. Notably, bids worth Rs. 2 trn were received.

International:

US policymakers pass funding bill to avert government shutdown (Source: BBC): POTUS Mr. Biden signed a funding bill, passed by the senate with a 85-11 vote, to avert government shutdown. The bill included USD 100 bn for disaster aid and USD 30 bn for farmers, but notably, didn't include suspension of debt ceiling.

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US PCE displays softer than expected rise (Source: US BEA): US PCE increased 2.4% y/y in Nov'24, above 2.3% y/y in Oct'24, but lower than expected 2.5% y/y, owing to softer rise in services prices. Services inflation inched down to 3.8% y/y in Nov'24, from 3.9% y/y in Oct'24, while goods prices fell for 7th consecutive month by 0.4% y/y. Notably, core PCE stood at 2.8% y/y in Nov'24, same as Oct'24.

US Fed officials vigilant on slowing inflation progress (Source: Reuters):

- Ms. Daly claimed that recalibration phase is over, being watchful on further rate cuts as progress on inflation has slowed considerably.
- Mr. Williams interjected that inflation remains high and the economy strong, with disinflation marred by uncertainty. He estimates neutral rate at 25 bps higher than pre-pandemic levels.
- Ms. Hammock feels rate cut decision was a close call, admitting she preferred a pause with inflation risks tilted towards the upside.
- Mr. Goolsbee conceded that US Fed is less restrictive than before but affirmed that rates will be judiciously cut in CY25 as policy is far from neutral rate.

Russia holds policy rates, against market expectations of hike (Source: CNBC): Russia unexpectedly held policy rate at 21%, against expectations of 2% hike in-line with Oct'24 hike, citing improved monetary tightness which has created conditions for disinflation.

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