

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.58	6
US 2Y*	4.33	2
Germany 10Y	2.32	4
UK 10Y	4.54	3
Japan 10Y	1.03	-1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.72	-1
6.79% GS 2034* (10Y)	6.77	-2
7.23% GS 2039*	6.87	-1
1-Month T-bill	6.50	0
3-Month T-bill	6.44	-3
6-Month T-bill	6.61	-4
12-Month T-bill	6.60	-4

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	88	77	81	78
AA	166	163	171	174
A	359	354	363	369

Source: FIMMDA, as on 20 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 (%)
Call Money	123.8	6.74
Triparty Repo	4,293.6	6.61
Market Repo	1,332.2	6.68
Repo in corporate bond	15.4	6.91

Source: RBI, as of 23 Dec, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,540	0.6
NIFTY	23,753	0.7
NASDAQ	19,765	1.0
S&P 500	5,974	0.7
Nikkei 225	39,161	1.2
Euro Stoxx 50	4,853	-0.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	73.0	0.1
Natural gas Nymex (USD/MMBtu)	3.7	-0.8
Gold Comex (USD/t oz.)	2,633.2	-0.4
Copper Comex (USD/lb)	410.3	0.1
Wheat cbot (USD/bu.)	539.0	1.1

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.12	0.1
GBP/ INR	106.69	0.0
EUR/ INR	88.42	-0.1
EUR/USD	1.04	-0.2
DX Index	108.10	0.3

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS Auction

News:

Domestic:

Union likely to target FY26 fiscal deficit below 4.5% of GDP (Source: The Hindu Businessline): As per media sources, Union is expected to set fiscal deficit target at 4.4% of GDP for FY26 as aggressive fiscal consolidation could hinder growth momentum while private capital expenditure remains sluggish.

Union plans removal of blending mandate for imported coal (Source: CNBC): As per media sources, Union is planning to remove the blending mandate for imported coal in thermal power plants. It also noted that current coal imports are driven by convenience rather than necessity also with allowing 100% coal procurement of annual contracted capacity there is sufficient domestic coal availability.

Domestic air traffic rises in Nov'24 (Source: The Hindu Businessline): Domestic air passenger traffic grew by 11.9% y/y in Nov'24 to 14.2 mn passengers from 12.7 mn in Nov'23. In 11MCY24 the air traffic rose by 5.9% y/y to 146.4 mn.

Union to kick off critical mineral mission (Source: BS): Mr. Rao, Mines Secretary said that Union is set to start critical mineral mission to bolster energy transition and boost EV manufacturing capacity. The initiative involves government, industry, and research collaboration, focusing on acquiring overseas assets like lithium and cobalt, particularly in Australia, and boosting domestic mining through auctions.

Non-life insurance sector sees growth in Premiums (Source: IRDAI): The non-life insurance sector underwrote a total direct premium of Rs. 2.90 trn in FY24, reflecting a growth of 12.8% y/y. public sector general insurers saw an 8.9% y/y increase in contribution whereas private sector-sees saw 18.9% y/y growth in FY24

Karnataka proposes to tax mining land and leases (Source: CNBC): Karnataka has proposed to impose retrospective tax on mineral land and mineral rights. It will be applicable retrospectively staggered over 12 years, starting from Apr'26. As per media sources, mineral tax of Rs. 100 per tonne on iron ore is proposed effective from Jan'05. While different tax rates have been proposed on mineral rights, which will be effective from Jan'15.

VRR auctions conducted successfully (Source: RBI):

- Overnight VRR worth Rs. 1.12 trn were conducted against a notified amount of Rs. 750 bn at a cut-off yield of 6.53%
- 4-day VRR worth Rs. 362.75 bn were conducted against a notified amount of Rs. 750 bn at a cut-off yield of 6.51%

International:

UK economy stagnates in Q3CY24 (Source: Reuters): UK's economy stagnated in Q3CY24, showing zero growth q/q, revised down from initial 0.1% q/q estimate. It revised growth in the Q2CY24 to 0.4% q/q from a previous 0.5% q/q. The slowdown is attributed to higher interest rates, weaker overseas demand, and concerns over the budget's tax rises and increased borrowing plans.

US new home sales rebound in Nov'24 (Source: Bloomberg): New home sales surged by 5.9% m/m in Nov'24 below expected spike of 6.6% m/m to 664k after plunging by 14.8% m/m in Oct'24. The median sales price of new homes sold was down 6.3% m/m at USD 402.6k.

ECB officials say it is close to meet inflation target (Source: Bloomberg):

- Ms. Lagarde said that it is very close to achieve 2% inflation target as services inflation is slightly declining now. She also opposed retaliation to tariff threats from US
- Mr. Makhlouf too warned that some elements of services inflation were concerning yet he still wants gradual rate cuts rather than big leaps

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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	compliance.officer@sbicaps.com
Telephone Number	+91 22 4196 8542

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