

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.57	-2
US 2Y*	4.32	-1
Germany 10Y	2.32	0
UK 10Y	4.56	0
Japan 10Y	1.07	3

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.73	1
6.79% GS 2034* (10Y)	6.78	1
7.23% GS 2039*	6.90	2
1-Month T-bill	6.64	9
3-Month T-bill	6.55	-14
6-Month T-bill	6.69	0
12-Month T-bill	6.68	0

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	90	87	85	63
AA	168	173	175	159
A	361	364	367	354

Source: FIMMDA, as on 24 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	4.40

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	109.1	6.67
Triparty Repo	4,386.5	6.44
Market Repo	1,290.3	6.55
Repo in corporate bond	25.8	6.76

Source: RBI, as of 26 Dec, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,472	0.0
NIFTY	23,750	0.1
NASDAQ	20,020	-0.1
S&P 500	6,038	0.0
Nikkei 225	39,568	1.1
Euro Stoxx 50	4,858	0.0

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	73.3	-0.4
Natural gas Nymex (USD/MMBtu)	3.7	-5.8
Gold Comex (USD/t oz.)	2,652.2	0.6
Copper Comex (USD/lb)	413.7	0.7
Wheat cbot (USD/bu.)	541.0	1.2

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.27	0.1
GBP/ INR	106.79	-0.4
EUR/ INR	88.49	0.0
EUR/USD	1.04	0.2
DX Index	108.12	0.0

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: G-Sec Auction, VRR Auction; Japan: Industrial Production, Retail Sales Nov'24

News:

Domestic:

Banks' asset quality touches 13 year high as GNPA ratio falls to 2.5% at the end of Q2FY25 (Source: RBI, CNBC): In RBI's Report on Trends and Progress of Banking:

- The consolidated balance sheet of SCBs in FY24 grew by 15.5% y/y (FY23: 12.2% y/y), driven by sustained growth in loans and deposits
- Asset quality improvement continued, with the GNPA at 2.5% and Net NPAs also dropped to 0.57% at the end of Sep'24
- The consolidated balance sheet of NBFCs expanded by 16.3% y/y in FY24 (FY23: 17.2% y/y), driven by double-digit credit growth
- The GNPA ratio of NBFCs dropped to 3.4% at end-Sep'24 and strong capital buffers kept CRAR well above the stipulated norm at end-Sep'24.
- It cautioned NBFCs emphasising the need for robust risk management frameworks and fair interest rate practices along with need to further diversify their sources of funding

Economy to grow around 6.5% in FY25: FinMin (Source: DEA): As per the Monthly Economic Review for Nov'24:

- Union expects economy to grow at 6.5% y/y in FY25 after slowdown in H1FY25, driven by gain in agricultural and industrial activity
- It cited the RBI's monetary policy stance among the reasons for the slowdown in the H1FY25 along with structural factors
- It states that the growth outlook for Q3FY25 appears bright, with rural demand remaining resilient and urban demand picking up

Union may cut income tax rates (Source: BS): As per media sources, Union is considering cutting income tax for individuals opting new tax regime and earning upto Rs. 1.5 mn a year. The move is expected to provide relief to middle class and boost consumption as economy slows.

Housing sales, supply skid in CY24: ANAROCK (Source: BS): According to ANAROCK report, Housing sales in top 7 cities declined by 4% y/y to 0.46 mn in CY24. Whereas the new housing supply declined by 7% y/y to 0.41 mn in CY24 due to elections and slow project approval. Despite supply declining, Overall sales value increased by 16% y/y to Rs. 5.7 trn as average house prices surged by 21% y/y.

T-bill auctions conducted successfully (Source: RBI): 91-day T-bills worth Rs. 205 bn auctioned (notified: Rs. 70 bn) at a cut-off yield of 6.55%. 182-day T-bills worth Rs. 80 bn auctioned (notified: Rs. 60 bn) at a cut-off yield of 6.70%. 364-day T-bills worth Rs. 76.62 bn auctioned (notified: Rs. 60 bn) at a cut-off yield of 6.69%.

International:

World bank raises China's GDP forecast (Source: Reuters): World bank raised up China's real GDP growth to 4.9% y/y for CY24 from its Jun'24 forecast of 4.8% y/y. Growth for CY25 is expected to fall to 4.5% y/y, that is still higher than earlier forecast of 4.1% y/y. Also, China revised upwards its CY23 real GDP by 2.7% to USD 17.7 trn yet expects little impact on growth in CY24.

Japanese indicators a mixed bag in Nov'24 (Source: Forexlive): Japan's industrial output fell by 2.3% m/m in Nov'24 affected by slowing exports of semiconductor manufacturing equipment and cars. However, retail sales rose by 1.8% m/m in Nov'24, rebounding from revised 0.2% m/m fall in Oct'24.

US initial jobless claims dip slightly (Source: Reuters): Initial jobless claims fell by 1k to 219k for week ended on 21 Dec'24 below expected 224k claims. The continued decline suggests a steady improvement in employment landscape.

Turkey trims interest rate after nearly two years (Source: Bloomberg): Turkey's Central Bank lowered interest rate for first time in almost two years. It cuts one week repo rate to 47.5% from 50% after consumer inflation showed signs of easing.

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