

Tables:

Foreign G-Sec Bond Yield:

| G-sec | Yield (in %) | 1-Day Change in Bps |
|-------------|--------------|---------------------|
| US 10Y* | 4.60 | 4 |
| US 2Y* | 4.28 | 4 |
| Germany 10Y | 2.42 | 5 |
| UK 10Y | 4.59 | 0 |
| Japan 10Y | 1.07 | 0 |

Source: Bloomberg, *semi-annual

G-sec yield:

| G- Sec | Yield (in %) | 1-Day Change in Bps |
|----------------------|--------------|---------------------|
| 7.04% GS 2029* | 6.73 | 0 |
| 6.79% GS 2034* (10Y) | 6.79 | 1 |
| 7.23% GS 2039* | 6.89 | 0 |
| 1-Month T-bill | 6.49 | 4 |
| 3-Month T-bill | 6.52 | -6 |
| 6-Month T-bill | 6.67 | 0 |
| 12-Month T-bill | 6.64 | -3 |

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

| Annualized Spreads | 3-year | 5-year | 7-year | 10-year |
|--------------------|--------|--------|--------|---------|
| AAA | 99 | 82 | 79 | 30 |
| AA | 175 | 170 | 166 | 110 |
| A | 365 | 359 | 361 | 313 |

Source: FIMMDA, as on 02 Jan, 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 (Term segment):

| Instrument | Volume (in Rs. Bn) | Weighted Avg Rate (%) |
|------------------------|--------------------|-----------------------|
| Notice Money | 94.5 | 6.53 |
| Term Money | 5.3 | - |
| Triparty Repo | 4,036.1 | 6.38 |
| Market Repo | 1,447.0 | 6.40 |
| Repo in corporate bond | 0.0 | NA |

Source: RBI, as of 03 Jan, 2024

Major Equity Indices:

| Indices | Last | 1-Day Change % |
|---------------|--------|----------------|
| BSE SENSEX | 79,223 | -0.9 |
| NIFTY | 24,004 | -0.8 |
| NASDAQ | 19,621 | 1.8 |
| S&P 500 | 5,942 | 1.3 |
| Nikkei 225 | 39,894 | 0.0 |
| Euro Stoxx 50 | 4,871 | -1.0 |

Source: Google Finance

Commodities futures:

| Commodities | Last | 1-Day Change % |
|-------------------------------|---------|----------------|
| Brent Crude (USD/bbl) | 76.5 | 0.5 |
| Natural gas Nymex (USD/MMBtu) | 3.4 | -8.2 |
| Gold Comex (USD/t oz.) | 2,654.7 | -0.7 |
| Copper Comex (USD/lb) | 407.4 | 0.8 |
| Wheat cbot (USD/bu.) | 529.7 | -3.0 |

Source: Bloomberg

Exchange Rates:

| Currency pair | Rate | 1-Day Change % |
|---------------|--------|----------------|
| USD/ INR | 85.78 | 0.0 |
| GBP/ INR | 106.55 | 0.2 |
| EUR/ INR | 88.33 | 0.3 |
| EUR/USD | 1.03 | 0.4 |
| DXI Index | 108.92 | -0.2 |

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

Composite PMI Dec'24: US, Eurozone, China, India; **Vietnam:** GDP CY24; **Germany:** CPI Dec'24

News:

Domestic:

Debt mutual funds urge Union for tax relaxations (Source: FE): According to media sources, AMFI has requested Union to restore indexation benefits on long-term debt investments as persistently high inflation erodes post tax return for investors, while also urging to align capital gains tax rate of debt mutual fund schemes with listed bonds.

EV companies confident on not needing subsidies post current regime (Source: Mint): Union Minister Mr. Piyush Goyal said that EV companies have agreed that they won't need subsidies once the current regime ends due to development of self-sustaining business models. He also elucidated that the other focus areas were developing standards and promoting innovation through R&D.

Union set to support supercharging of EV infrastructure (Source: BS): According to draft guidelines from Ministry of Heavy Industries, Union will provide 80% or higher subsidy on upstream infrastructure required to setup public fast charging stations under the Rs. 20 bn PM E-DRIVE Scheme.

Union considers granting infrastructure status to shipping (Source: Mint): According to media sources, Union is considering granting infrastructure status to the shipping industry which would allow entities to secure funds on easier terms, longer repayments, and low rate of interest.

Union expected to launch another round of PLI schemes (Source: The Hindu): Union is set to launch PLI 1.1 for steel industry on 6 Jan'25, aimed at boosting domestic manufacturing. In its current form, as of Nov'24, PLI for specialty steel has attracted Rs. 183 bn in investments out of Rs. 271 bn committed.

G-Sec auction conducted successfully (Source: RBI): 6.79% GS 2034 worth Rs. 220 bn was auctioned at a cut-off rate of 6.7979%. 7.09% GS 2074 worth Rs. 100 bn was auctioned at a cut-off rate of 7.0717%.

International:**US Fed officials wary on inflation front (Source: Reuters):**

- Mr. Barkin chalked out a positive outlook for CY25, with strong growth and stable labour market, but stated more work was needed on inflation.
- Ms. Kugler expects economic resilience in CY25, but suspects inflationary pressures, amidst uncertainties on policies like tariffs and immigration.

China pushes for reforms and fiscal extravagance (Source: Reuters): China has pledged to increase funding from ultra-long treasury bonds in CY25 to support consumer subsidies and business equipment upgrade, cranking up fiscal stimulus to revitalize a faltering economy. Further, China's state planner has committed to push major reforms in CY25 to boost property markets, capital markets and address risks faced by local financial institutions.

PBoC members vouch for looser monetary policy (Source: Bloomberg): PBoC reiterated that it will lower rates and cut reserve requirements at appropriate times to boost the economy, with members advocating the implementation of a loose monetary policy and maintaining ample liquidity to boost credit growth.

Economic activity in Asia ends CY24 on a strong note (Source: S&P Global):

- China's services PMI rose to 52.2 in Dec'24 (Nov'24: 51.5), driven by stronger demand, leading to higher selling prices. Composite PMI declined to 51.4 in Dec'24 (Nov'24: 52.3), with weaker manufacturing output offsetting services gain, amidst broad-based exports slowdown
- Japan's services PMI inched upwards to 50.9 in Dec'24 (Nov'24: 50.5) keeping composite PMI expanded above 50-watermark

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