

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.62	2
US 2Y*	4.26	-2
Germany 10Y	2.44	2
UK 10Y	4.61	2
Japan 10Y	1.12	5

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.69	-3
6.79% GS 2034* (10Y)	6.75	-3
7.23% GS 2039*	6.88	-1
1-Month T-bill	6.44	-5
3-Month T-bill	6.46	-6
6-Month T-bill	6.64	-3
12-Month T-bill	6.65	1

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	102	75	79	58
AA	178	163	166	143
A	368	352	361	346

Source: FIMMDA, as on 03 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	4.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	116.3	6.65
Triparty Repo	4,222.1	6.55
Market Repo	1,551.7	6.60
Repo in corporate bond	21.9	6.68

Source: RBI, as of 06 Jan, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,964	-1.6
NIFTY	23,616	-1.6
NASDAQ	19,864	1.2
S&P 500	5,975	0.6
Nikkei 225	39,307	-1.5
Euro Stoxx 50	4,986	2.4

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	76.1	-0.5
Natural gas Nymex (USD/MMBtu)	3.7	10.4
Gold Comex (USD/t oz.)	2,648.0	-0.3
Copper Comex (USD/lb)	414.7	1.8
Wheat cbot (USD/bu.)	537.3	1.4

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.83	0.1
GBP/ INR	107.31	0.7
EUR/ INR	88.94	0.7
EUR/USD	1.04	0.7
DX Index	108.35	-0.5

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction, SGS Auction; **US:** Trade Balance Nov'24, JOLTS Nov'24; **Eurozone:** CPI Dec'24

News:

Domestic:**Services activity moves from strength to strength in Dec'24 (Source: S&P Global):**

Services PMI rose to a 4-month high of 59.3 in Dec'24, from 58.4 in Nov'24, driven by buoyant demand, leading to increasing capacities, and softening inflation. Composite PMI rose to 59.2 in Dec'24, from 58.6 in Nov'24, reflective of strong services growth, offset by fractional manufacturing slowdown.

Union considers new scheme to boost electronics manufacturing (Source: ET):

According to media sources, Union has approved a ~Rs. 250 bn scheme for electronics components manufacturing, with target value addition of 35% - 40%, wherein products with higher constraints in terms of localization would be incentivized more. The scheme also aims to incentivize capital investments.

Securitization volumes jump in Q3FY25 (Source: BS):

According to ICRA, securitization volumes jumped 80% y/y in Q3FY25 to Rs. 680 bn, driven by large private banks who want to manage their C/D ratios. In 9MFY25, securitization volumes rose 29% y/y to Rs. 1.8 trn, raising the FY25 forecast by Rs. 300 bn to Rs. 2.4 trn.

Cargo handled at major ports displays robust growth (Source: IPA):

Cargo handled at major ports rose 2.7% y/y to 621 mn tonnes in 9MFY25, driven by 5.5% y/y rise in containers to 153 mn tonnes, offset by 3.8% y/y fall in coal to 138 mn tonnes in 9MFY25.

CPSE investments stumble in 8MFY25 (Source: FE):

Investments by CPSEs fell 10% y/y in 8MFY25 to Rs. 4.41 trn, mainly reflective of an election-induced slowdown. Notably, Railway Board's capex fell 12.5% y/y to Rs. 1.5 trn, while NHAI's capex fell 9.7% y/y to Rs. 1.04 trn.

International:**Services activity rises in advanced economies (Source: S&P Global):**

- Global services PMI rose to 4-month high of 53.8 in Dec'24, driven by growth in new orders and employment. Composite PMI rose to 52.6 in Dec'24 (Nov'24: 52.4) signalling 14th straight month of expansion.
- US services PMI rose to 33-month high of 56.8 in Dec'24 (Nov'24: 56.1), driven by rising new orders, employment and softer inflation. Composite PMI rose to 55.4 in Dec'24 (Nov'24: 54.9)
- Eurozone services PMI rose to 51.6 in Dec'24 (Nov'24: 49.5). Composite PMI inched upwards to 49.6 in Dec'24 (Nov'24: 48.3)

Mixed news on tariff changes in Mr. Trump's era (Source: Bloomberg):

According to media sources, the US President-Elect's aides are exploring tariff plans that would be applied to all countries but cover only critical imports, in sectors deemed critical to national security. However, Mr. Trump denied such reports.

US Fed official advocates cautious approach in cutting rates (Source: Reuters):

Ms. Cook interjected that Fed should proceed more cautiously in cutting rates, as labour market remains solid with risks to inflation roughly balanced.

Germany's inflation print stoke stagflation fears (Source: Destatis):

Germany's preliminary CPI surged to a rate of 2.6% y/y in Dec'24, from 2.2% y/y in Nov'24, above expectations of 2.4% y/y, driven by 4.1% y/y rise in services.

China's stock exchanges restrict stock selling to shore up sentiment (Source: Reuters):

According to media sources, Chinese exchanges have asked big fund managers to buy more stock than they are selling, as authorities seek to calm markets in a period of excess volatility.

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