

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.68	6
US 2Y*	4.28	2
Germany 10Y	2.48	4
UK 10Y	4.68	7
Japan 10Y	1.15	3

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.69	-1
6.79% GS 2034* (10Y)	6.75	0
7.23% GS 2039*	6.87	-1
1-Month T-bill	6.40	-4
3-Month T-bill	6.52	6
6-Month T-bill	6.60	-4
12-Month T-bill	6.64	-1

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	94	91	80	58
AA	170	179	167	143
A	360	368	362	346

Source: FIMMDA, as on 06 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	4.27

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	101.0	6.73
Triparty Repo	3,975.2	6.71
Market Repo	1,589.0	6.73
Repo in corporate bond	19.6	6.89

Source: RBI, as of 07 Jan, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,199	0.3
NIFTY	23,708	0.4
NASDAQ	19,490	-1.9
S&P 500	5,909	-1.1
Nikkei 225	40,083	2.0
Euro Stoxx 50	5,012	0.5

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	77.4	1.6
Natural gas Nymex (USD/MMBtu)	3.4	-7.0
Gold Comex (USD/t oz.)	2,662.6	0.6
Copper Comex (USD/lb)	418.7	1.0
Wheat cbot (USD/bu.)	541.8	0.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.72	-0.1
GBP/ INR	107.08	-0.2
EUR/ INR	88.71	-0.3
EUR/USD	1.03	-0.3
DX Index	108.64	0.3

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: T-Bill Auction; Germany: Retail Sales Nov'24

News:

Domestic:

Domestic economy is expected to grow at a moderate pace in FY25 (Source: NSO): As per First Advance Estimate of GDP for FY25:

- Real GDP is expected to grow at 6.4% y/y in FY25 below the 8.2% y/y in FY24P. In nominal terms, GDP is expected to grow at 9.7% y/y in FY25
- Real GVA is expected to grow at 6.4% y/y in FY25.
 - The tertiary sector is expected to lead, growing by 7.2%, helped by generous outperformance by public administration, defence, and other services
 - The secondary sector may grow by 6.5% (FY24: 9.7%), with a sharp fall in manufacturing. Construction activity is expected to remain strong
 - The primary sector is expected to pickup from last fiscal, growing by 3.6%, on the back of monsoon-led agriculture boom
- Expenditure analysis shows that in FY25, PFCE is expected to grow 7.3% y/y compared to 6.7% y/y in H1FY25 while GFCE is assumed to grow 4.1% y/y in FY25 compared to 2% in H1FY25. There is likely to be a sharp fall in GFCE growth. Notably, imports are expected to degrow at 1.3% y/y in FY25

Auto retail sales dip in Dec'24 (Source: FADA): Auto retail sales were 12.5% y/y down in Dec'24 to 1.8 mn units. 2W sales fell 17.6% y/y to 1.2 mn units. Whereas PV retail sales also dipped 1.9% y/y to 293k units in Dec'24 primarily due to high inventory levels following the festive season and aggressive discounting aimed at clearing stock. Only tractor sales saw 25.8% y/y growth in Dec'24.

Roads and Railways may see increase in capex allocation (Source: Mint): As per media sources, Union proposes to focus on infrastructure growth as it plans to push capex allocation for Ministry of road transport and highways and railways by upto 10% in FY26. Union is also targeting big increase in private investment for highways.

SGS and VRR auctions conducted successfully (Source: RBI):

- SGS worth Rs. 195.3 bn were auctioned by 10 states (notified: Rs. 215 bn), with 10-year cut-off yield at 7.15%
- 3-Day VRR worth Rs. 500 bn were conducted at a cut-off yield of 6.54%. Notably, bids worth Rs. 927bn were received

International:

US Fed official expects inflation to decline (Source: Bloomberg): Mr. Bostic said that he expects inflation to continue to decline in CY25 towards Fed target. He also warned to be cautious against uneven progress in lowering inflation and thinks to keep rates higher for longer to quell the inflation.

US trade deficit expands in Nov'24 (Source: BEA): US trade deficit in Nov'24 rose by 6.2% m/m to USD 78.2 bn, against Oct'24 print of USD 73.6 bn, driven by rising imports outpacing export growth. Imports rose to USD 351.6 bn (Oct'24: 339.6) and exports grew to USD 273.4 bn (Oct'24: 265.7). The threats to raise tariffs on foreign goods from loaded the imports more than offsetting surge in exports to record high.

Eurozone inflation rises further in Dec'24 (Source: Eurostat): Eurozone inflation rose further to mark 5-month high at 2.4% y/y in Dec'24, after reaching target 2% y/y in Oct'24. The increase was driven by energy prices, which rose for the first time since Jul'24. Core inflation as expected remained stable for the fourth straight month at 2.7% y/y in Dec'24.

Canada mulls early release of US targets retaliatory tariffs (Source: The Globe and Mail): As per media sources, Canada is weighing release of proposed list of goods to target by retaliatory tariffs if US imposes 25% tax on all products from Canada.

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