

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.66	-2
US 2Y*	4.26	-2
Germany 10Y	2.54	6
UK 10Y	4.79	11
Japan 10Y	1.17	2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.72	3
6.79% GS 2034* (10Y)	6.77	2
7.23% GS 2039*	6.89	2
1-Month T-bill	6.45	5
3-Month T-bill	6.57	5
6-Month T-bill	6.69	9
12-Month T-bill	6.68	4

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	99	84	69	60
AA	175	172	156	145
A	365	361	351	348

Source: FIMMDA, as on 07 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	103.2	6.74
Triparty Repo	3,698.6	6.74
Market Repo	1,599.2	6.80
Repo in corporate bond	18.1	6.91

Source: RBI, as of 08 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,148	-0.1
NIFTY	23,688	-0.1
NASDAQ	19,478	-0.1
S&P 500	5,918	0.2
Nikkei 225	39,981	-0.3
Euro Stoxx 50	4,996	-0.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	76.0	-1.7
Natural gas Nymex (USD/MMBtu)	3.6	4.9
Gold Comex (USD/t oz.)	2,678.5	0.6
Copper Comex (USD/lb)	429.0	2.5
Wheat cbot (USD/bu.)	537.5	-0.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.86	0.2
GBP/ INR	106.15	-0.9
EUR/ INR	88.56	-0.2
EUR/USD	1.03	-0.3
DXI Index	108.94	0.3

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; Eurozone: Retail Sales Nov'24; China: CPI, PPI Dec'24

News:

Domestic:

Union sharply revises gold import numbers for Nov'24 (Source: BS): Union has revised downwards the gold import data for Nov'24 to USD 9.8 bn, from USD 14.8 bn, citing calculation error in transition in online filing services. Subsequently, merchandise trade deficit for Nov'24 dipped to USD 32.8 bn, still at an all-time high.

Microlenders scale back operations as asset quality worsens (Source: ET): According to media sources, microlending in the system fell 4.3% q/q to Rs. 4.14 trn as of Q2FY25, as lenders adopt cautious approach amidst weakening asset quality. Ratio of loans unpaid for upto 30 days rose to 2.1% in Q2FY25, (Q1FY25: 1.2%), while loans unpaid for 31 – 180 days surged to 4.3% in Q2FY25 (Q1FY25: 2.7%).

Railway capex maintains robust pace (Source: Mint): Indian railways invested Rs. 1.92 trn as capex in capacity additions, as of YTD FY25, as of 5 Jan'25, at 76% of FY25BE, out of the budget Rs. 2.62 trn.

Union to reassess power generation capacity to meet peak demand (Source: ET): According to media sources, Union has asked the CEA to reassess capacity for FY26 and FY27 based on latest capacity additions, with concerns overachieving non-solar peak demand, while solar peak demand is expected to be met comfortably. Union is emphasising on energy storage system capacity for this non-solar peak hours

T-Bill auction conducted successfully (Source: RBI): 91-day T-Bill worth Rs. 182 bn were auctioned, against a notified amount of Rs. 120 bn, at a cut-off rate of 6.5940%. 182-day T-Bill worth Rs. 93 bn were auctioned, against a notified amount of Rs. 80 bn, at a cut-off rate of 6.6995%. 364-day T-Bill worth Rs. 81 bn were auctioned, against a notified amount of Rs. 80 bn, at a cut-off rate of 6.6895%.

International:

FOMC Minutes indicate slower pace ahead for rate cuts (US Federal Reserve, CNBC): Minutes of the Dec'24 FOMC indicate:

- US Fed officials expressed concern over inflation and probable impact of President-Elect Mr. Trump's policies on it, with almost all participants judging that upside risks had increased. Impact of changes in immigration and trade policy on US economy were mentioned atleast four times
- Policymakers will move more slowly on interest rate cuts due to uncertainty. In separate interviews, US Fed's Mr. Waller and Treasury Secy. Ms. Yellen lamented the lacklustre dip in inflation and said rate cuts could be shallow

US President-Elect consider drastic measures for tariff program (Source: Reuters): According to media sources, US President-Elect Mr. Trump is considering declaring a national economic emergency to provide legal justification for series of tariffs.

US labour markets remain a mixed bag (Source: Reuters, US DOL):

- According to ADP report, private sector employment rose 122k in Dec'24 (Nov'24: 146k), below expectation of 140k
- Initial jobless claims fell 10k w/w to 201k in the week ending 4 Jan'24

Chinese inflation remains weak in Dec'24 (Source: Reuters): China CPI print stood at 0.1% y/y in Dec'24, its weakest showing since Apr'24. In CY24, CPI grew 0.2% y/y, in line with CY23, but way below target 3%. PPI print inched downwards to 0.1% y/y in Dec'24, in line with expectations, after growing 0.2% y/y in Nov'24.

China expands consumer subsidies to boost household spending (Source: Reuters): China added more home appliances in its consumer trade-in scheme, offering subsidies of ~15% for additional digital goods, in an effort to revive demand in the sluggish household sector.

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