

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.68	2
US 2Y*	4.26	0
Germany 10Y	2.56	2
UK 10Y	4.81	2
Japan 10Y	1.17	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.72	0
6.79% GS 2034* (10Y)	6.76	0
7.23% GS 2039*	6.89	0
1-Month T-bill	6.49	4
3-Month T-bill	6.59	2
6-Month T-bill	6.69	0
12-Month T-bill	6.69	1

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	100	89	65	29
AA	176	177	152	109
A	366	366	347	312

Source: FIMMDA, as on 08 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	4.29

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	107.3	6.83
Triparty Repo	3,774.5	6.75
Market Repo	1,612.5	6.87
Repo in corporate bond	17.8	6.96

Source: RBI, as of 09 Jan, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,620	-0.7
NIFTY	23,527	-0.7
NASDAQ	19,479	0.0
S&P 500	5,918	0.0
Nikkei 225	39,605	-0.9
Euro Stoxx 50	5,018	0.4

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	77.3	1.6
Natural gas Nymex (USD/MMBtu)	3.7	2.2
Gold Comex (USD/t oz.)	2,695.7	0.6
Copper Comex (USD/lb)	432.3	0.8
Wheat cbot (USD/bu.)	533.5	-0.7

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.86	0.0
GBP/ INR	105.63	-0.5
EUR/ INR	88.41	-0.2
EUR/USD	1.03	-0.2
DXI Index	109.18	0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction, IIP Nov'24; **US:** Nonfarm Payroll Dec'24, Building Permits Nov'24; **Global:** WASDE Report; **China:** New Loans and TSF Dec'24

News:

Domestic:

Mutual Fund flows see net outflow in Dec'24 (Source: AMFI): Debt fund saw net outflow of Rs. 1.3 trn in Dec'24 from inflow of Rs. 129 bn in Nov'24 with secular outflow across funds, while net inflow into equity funds rose by 14.5% m/m to Rs. 412 bn in Dec'24 from Rs. 360 bn in Nov'24. Total outflows in mutual funds stood at Rs. 805 bn in Dec'24 from Rs. 603 bn of inflow in Nov'24.

National Highway (NH) network increases at moderate pace (Source: MoRTH): NH network increased to 146,195 km as of 31 Dec'24, with 31.5% of the roads being 4-lane and above. Construction of stood at 5,853 kms in 9MFY25 vs 6,216 kms in 9MFY24. Awards of 3,100 km were done in 9MFY25 vs 3,111 kms in 9MFY24.

Steel imports rise in 9MFY25 (Source: The Hindu Businessline): Steel imports rose by 20% y/y to 7.3 mn tonnes in 9MFY25 from 6 mn tonnes in 9MFY24, while exports slumped by 25% to 3.6 mn tonnes from 4.8 mn tonnes in 9MFY24. The slowdown in imports in recent months is due to bringing most imported categories under BIS.

E-way generation soars in Dec'24 after a quiet Nov'24 (Source: BS): E-way bill generation has reached 112 mn mark with 17.6% y/y rise in Dec'24. This is the second highest level of e-way bill generation in 24 months.

Union may provide Rs. 350 bn LPG subsidy (Source: ET): As per media sources, Union is planning to grant Rs. 350 bn subsidy to oil PSUs. The subsidy is being provided to recover losses from selling domestic LPG at unchanged prices despite rising costs. Subsidy will be dispensed over 2 years, with Rs 100 bn in FY25.

Union plans incentives for battery component manufacturing (Source: ET): As per media sources, Union is considering incentives for battery component manufacturing to support EV industry. Currently, it is identifying components that need financial support.

G-Sec buyback conducted successfully (Source: RBI): 7.72% GS 2025 worth Rs. 113.1 bn, 5.22% GS 2025 worth Rs. 23.8 bn, 8.20% GS 2025 worth 7.7 bn, 5.15% GS 2025 worth 17.6 and 7.59% GS 2026 worth Rs. 30 bn was bought back as against an aggregate offered and notified amount of Rs. 457 bn and Rs. 250 bn, respectively.

VRR auction conducted successfully (Source: RBI): Overnight VRR worth Rs. 500 bn were conducted at a cut-off yield of 6.62%. Notably, bids worth Rs. 1.1 trn were received.

International:

US Fed officials recommend a gradual approach to rate cuts (Source: Reuters):

- Mr. Harker said he still expects on a downward policy rate path while exact speed will solely depend on the incoming data
- Ms. Collins commented that nature of uncertainty calls for gradual and patient approach for policy making
- Mr. Schmid signalled reluctance to cut rate again as he thinks policy rate is close to neutral rate and further cuts should be data dependant
- Ms. Bowman supported the recent interest rate cuts but said the Dec'24 reduction should be the final step in the easing process

Eurozone retail sales inch up in Nov'24 (Source: Eurostat): Eurozone retail sales rose 0.1% m/m in Nov'24, against revised 0.3% m/m drop seen in Oct'24. (expected: 0.3% m/m). The rise was driven by mixed sectoral performance where it saw 0.8% m/m rise in automotive fuel trade.

Peru cuts benchmark interest rate (Source: Reuters): Peru's Central Bank trimmed its benchmark interest rate by 25 bps to 4.75% against the expectation of holding rate steady. It added that the cut moves the rate to level it estimates to be neutral.

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