

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.76	8
US 2Y*	4.38	12
Germany 10Y	2.58	2
UK 10Y	4.83	2
Japan 10Y	1.19	2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.73	1
6.79% GS 2034* (10Y)	6.77	1
7.23% GS 2039*	6.89	0
1-Month T-bill	6.59	10
3-Month T-bill	6.59	0
6-Month T-bill	6.64	-5
12-Month T-bill	6.63	-6

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	97	88	63	30
AA	173	176	150	110
A	363	365	345	313

Source: FIMMDA, as on 09 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	4.30

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	90.5	6.88
Triparty Repo	3,739.7	6.73
Market Repo	1,686.1	6.89
Repo in corporate bond	17.9	7.08

Source: RBI, as of 10 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,378	-0.3
NIFTY	23,440	-0.4
NASDAQ	19,161	-1.6
S&P 500	5,827	-1.5
Nikkei 225	39,190	-1.0
Euro Stoxx 50	4,977	-0.8

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	79.8	3.2
Natural gas Nymex (USD/MMBtu)	4.0	8.1
Gold Comex (USD/t oz.)	2,715.0	0.7
Copper Comex (USD/lb)	430.4	-0.4
Wheat cbot (USD/bu.)	530.8	-0.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.97	0.1
GBP/ INR	105.22	-0.4
EUR/ INR	88.21	-0.2
EUR/USD	1.02	-0.5
DXY Index	109.64	0.4

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: CPI Dec'24; China: Trade Balance, Total Social Financing Dec'24;

News:

Domestic:

Union releases tax devolution to accelerate state capex (Source: PIB): Union has released tax devolution of Rs. 1.73 trn to states in Jan'25, against Rs. 890 bn in Dec'24, to enable states to accelerate capex. Top beneficiaries include Uttar Pradesh (Rs. 310 bn), Bihar (Rs. 174 bn), Madhya Pradesh (Rs. 135 bn) and Maharashtra (Rs. 109 bn).

Industrial activity surges in Nov'24 (Source: PIB): Index of Industrial Production rose 5.2% y/y in Nov'24, highest in 6 months, from 3.7% y/y in Oct'24, underpinned by revival in infrastructure and construction. Sector-wise, mining grew 1.9% y/y, manufacturing rose 5.8% y/y and electricity rose 4.4% y/y in Dec'24. Notably, infrastructure goods rose 10% y/y, while consumer durables rose 13.1% y/y in Dec'24. IIP rose 4.1% y/y in 8MFY25.

SEBI Chairperson reflects on trends in capital markets (Source: BS): Ms. Buch estimated the overall fundraise from capital markets to grow 21% y/y to Rs. 14.3 trn in FY25. She highlighted the potential for REITs, InvITs and municipal bonds to grow over the next decade to exceed debt markets and announced Rs. 250 SIP to help increase mutual fund penetration in the country.

Union announces G-Sec buybacks to infuse liquidity (Source: The Hindu BusinessLine): RBI announced buyback of 5 securities totalling Rs. 300 bn, maturing within CY25 and CY26, underscoring Union's intentions of inducing liquidity in the system.

Direct tax collection likely to surpass budget estimates by Rs. 800 bn (Source: The Hindu Businessline): Direct tax collection for FY25 is expected to surpass FY25BE by Rs. 800 bn owing to strong growth in non-corporate tax. However, tax buoyancy is likely to be lower than FY24 due to the revision of the nominal growth number.

Projects worth Rs. 500 bn mooted for inland waterways (Source: BS): Union has proposed investments worth Rs. 500 bn for river and waterway investments in next 5 years. The investment is aimed at developing shipbuilding and ship repair facilities across all national highways. The move is expected to reduce logistics costs and boost ancillary industries.

G-Sec and VRR auctions conducted successfully (Source: RBI):

- 6.64% GS 2027 worth Rs. 70 bn were auctioned at a cut-off rate of 6.6906%. 7.34% GS 2064 worth Rs. 150 bn were auctioned at a cut-off rate of 7.0593%.
- 4-day VRR worth Rs. 500 bn were auctioned at a cut-off rate of 6.52%. Notably, bids worth Rs. 745 bn were received.
- 14-day VRR worth Rs. 2.24 trn were auctioned at a cut-off rate of 6.51%. Notably, bids worth Rs. 2.78 trn were received.

International:

IMF chief views stable growth in CY25, wrought with regional divergence (Source: BS): IMF MD Ms. Georgieva expects global growth to maintain momentum, with US outperforming earlier expectations, while EU stalls, India looks a bit weaker and China is expected to continue facing deflationary challenges. She expressed uncertainty in terms of trade policy which has led to higher long-term rates, despite short-term easing.

US imposes sanctions on Russian oil industry (Source: CNBC): US Treasury Department announced sweeping sanctions on Russian oil companies, tankers and officials, with sanctioned vessels part of a "shadow fleet" that had been dodging sanctions. Notably, crude oil prices surged post the announcement.

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US labour markets remain resilient in Dec'24 (Source: US BLS): US non-farm payrolls rose by 256k in Dec'24, higher than 227k additions in Nov'24 and expectations of 160k, with the unemployment rate falling to 4.1% in Dec'24 from 4.2% in Nov'24, against market expectation of 4.2%. Notably, wage growth slowed to 3.9% y/y in Dec'24 from 4% y/y in Nov'24.

US Fed official signal lower pace of future rate cuts (Source: ForexLive):

- Mr. Goolsbee lauded a strong labour market, while stating that higher than expected growth has led to slower pace of rate cuts
- Mr. Musalem interjected that Dec'24 cut was a close call as inflation might get stuck between 2.5% and 3% in the near term.

BoJ considers raising forecast on inflation and JPY (Source: Bloomberg): According to media sources, BoJ officials are mulling increase in projections for core inflation in FY25 and FY26, owing to surge in rice prices and volatile JPY scenario.

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