

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.77	1
US 2Y*	4.38	0
Germany 10Y	2.61	3
UK 10Y	4.88	5
Japan 10Y	1.24	5

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.82	9
6.79% GS 2034* (10Y)	6.85	8
7.23% GS 2039*	6.96	7
1-Month T-bill	6.60	1
3-Month T-bill	6.59	0
6-Month T-bill	6.67	3
12-Month T-bill	6.69	6

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	105	86	61	68
AA	181	174	148	153
A	371	363	343	356

Source: FIMMDA, as on 10 Jan, 2025

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	92.4	6.81
Triparty Repo	3,965.2	6.49
Market Repo	1,677.9	6.79
Repo in corporate bond	18.2	7.04

Source: RBI, as of 13 Jan, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	80.6	1.1
NIFTY	3.9	-1.5
NASDAQ	2,685.3	-1.1
S&P 500	434.0	0.8
Nikkei 225	545.0	2.7
Euro Stoxx 50	80.6	1.1

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	80.6	1.1
Natural gas Nymex (USD/MMBtu)	3.9	-1.5
Gold Comex (USD/t oz.)	2,685.3	-1.1
Copper Comex (USD/lb)	434.0	0.8
Wheat cbot (USD/bu.)	545.0	2.7

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	86.58	0.7
GBP/ INR	105.63	0.4
EUR/ INR	88.61	0.5
EUR/USD	1.02	0.0
DXY Index	109.63	0.0

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS Auction, WPI Dec'24; **China:** Trade Balance, Total Social Financing Dec'24; **US:** PPI Dec'24

News:

Domestic:**Consumer price inflation eases to 4-month low in Dec'24 (Source: PIB):**

- CPI inflation dipped to 5.22% y/y (expectations: 5.30%) in Dec'24, from 5.48% in Nov'24. Rural inflation continued to outpace urban inflation
- Food and Beverages inflation was the driver even as it eased further to 7.7% y/y (Nov'24: 8.2%). Inflation in vegetables and oils & fats remained high. Cereal inflation clocked 6.5% y/y
- Fuel and light inflation continued to remain negative at -1.4% y/y
- Miscellaneous inflation stood at 4.2% y/y, with personal care and effects clocking a sizzling 9.7% price rise
- Core CPI rose by 3.6% y/y in Dec'24 marginally lower than 3.7% y/y rise seen in the Nov'24 print

Net direct tax collection swells in YTD FY25 (Source: Mint): Net direct tax collection grew by 16% y/y to Rs. 16.9 trn in YTD FY25 as of 12 Jan'25. Mop-up from net non-corporate taxes stood at over Rs. 8.7 trn. Gross direct tax mop grew by 20% y/y to Rs. 20.6 trn during same period (FY25BE: Rs. 22.2 trn).

RBI said to ease rupee drought with swaps (Source: ET): As per media sources, RBI used dollar-rupee swaps to inject USD 3 bn worth of rupee liquidity to ease financial squeeze. The swaps had maturities of three, six and 12 months. The aim was to counteract tightening of rupee liquidity due to tax settlements and stock purchases.

Fintech funding dips in CY24 (Source: The Hindu Businessline): Fintech sector saw fall of 33% y/y in funding as it raised USD 1.9 bn in CY24 as compared to USD 2.8 bn in CY23. Despite the decline, India remained the third-largest fintech funding hub globally. Also, M&A activity saw a slight dip, with 26 acquisitions recorded in CY24 from 31 in CY23.

VRR auctions conducted successfully (Source: RBI): 4-day VRR worth Rs. 500 bn were auctioned at a cut-off rate of 6.52%. Notably, bids worth Rs. 862 bn were received.

International:

US tightens grip on AI chip flows (Source: Reuters): US said that it would further restrict AI chip and technology exports. The new regulations will cap the number of AI chips that can be exported and allow unlimited access to U.S. AI technology for its allies, while also maintaining block on exports to China, Russia, Iran and N. Korea.

China flags more policy measures to bolster currency (Source: Reuters): China has announced more tools to support its weak currency as it plans to park more foreign exchange reserves in Hongkong. It has allowed more overseas borrowing to help improve capital flows.

China exports hit record high as tariff loom (Source: Reuters): China's exports gained momentum in Dec'24 as it saw 10.7% y/y growth (forecast: 7.3%). Exporters continued to frontload shipments as worries over additional tariffs mount. Also, imports rose by 1% y/y in Dec'24 (forecast: -1.5%) driven by stronger demand for industrial commodities, with accelerated fiscal spending.

ECB officials mull over pace interest rate cut (Source: Bloomberg)

- Mr. Lane commented that ECB can ease policy further in CY25, yet it must balance to avoid recession as well as undue delay in curbing inflation
- Mr. Rehn said that ECB should continue to cut rates irrespective of US Fed moves
- Mr. Vujcic commented that ECB probably won't accelerate its interest rate reduction as developments are in line with projections

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