

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.61	-5
US 2Y*	4.23	-4
Germany 10Y	2.54	-2
UK 10Y	4.68	-5
Japan 10Y	1.17	-6

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.69	-8
6.79% GS 2034* (10Y)	6.75	-7
7.23% GS 2039*	6.89	-5
1-Month T-bill	6.37	-4
3-Month T-bill	6.57	-3
6-Month T-bill	6.63	-6
12-Month T-bill	6.66	-3

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	65	47	35	30
AA	140	133	120	113
A	331	323	314	312

Source: FIMMDA, as on 16 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	4.28

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	126.9	6.55
Triparty Repo	3,895.2	6.41
Market Repo	1,640.5	6.49
Repo in corporate bond	17.6	6.65

Source: RBI, as of 17 Jan, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,042	0.4
NIFTY	23,311	0.4
NASDAQ	19,338	-0.9
S&P 500	5,937	-0.2
Nikkei 225	38,572	0.3
Euro Stoxx 50	5,107	1.5

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	81.6	-0.7
Natural gas Nymex (USD/MMBtu)	4.3	4.9
Gold Comex (USD/t oz.)	2,746.6	0.7
Copper Comex (USD/lb)	445.3	0.8
Wheat cbot (USD/bu.)	539.0	-1.1

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	86.55	0.2
GBP/ INR	105.97	0.3
EUR/ INR	89.17	0.4
EUR/USD	1.03	0.2
DXI Index	108.96	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: G-Sec, VRR Auction; **US:** Industrial Production, Housing Starts Dec'24; **China:** GDP CY24, Industrial Production, Fixed Asset Investment, Retail Sales Dec'24

News:

Domestic:

Union considers reintroducing concessional tax rate to boost manufacturing (Source: CNBC-TV18): According to media sources, Union is mulling re-introducing concessional corporate tax scheme for new manufacturing units, albeit at a higher rate of 18% plus cess and surcharges, from a previous 15% that expired in Mar'24.

RBI mulls stronger measures to ease system liquidity crunch (Source: Bloomberg): According to media sources, RBI may take bolder measures including CRR cut, OMO purchases and long-term foreign exchange swaps to add lasting liquidity.

FEMA regulations reformed to prop up cross border INR transactions (Source: RBI): As per the new rules, a person resident outside India can open INR accounts for settlement with Indian resident, other person resident outside India and for foreign investments. Further, exporters can open accounts in FCY overseas for trade transactions including using proceeds from exports to pay for imports.

Union approves aircraft leasing bill (Source: The Hindu Businessline): As per media sources, the Cabinet has approved the Protection and Enforcement of Interests in Aircraft Objects Bill to guarantee lessors rights to repossess their leased equipment. This is expected to lower the leasing and financing cost of aircraft for Indian carriers.

G-Sec buyback conducted successfully (Source: RBI): G-Sec worth Rs. 99 bn was bought back, against a notified amount of Rs. 300 bn, with bids received worth Rs. 360 bn. Notably, 5.22% GS 2025 worth Rs. 68 bn and 7.72% GS 2025 worth Rs. 22 bn were bought back.

VRR auction conducted successfully (Source: RBI): Overnight VRR worth Rs. 308 bn were auctioned, against a notified amount of Rs. 500 bn at a cut-off rate of 6.51%.

International:

Global economic growth estimates unchanged (Source: World Bank):

- Global economy is projected to grow at 2.7% y/y in real terms in CY24, CY25 and CY26 (same as previous estimates). Tariffs are posited as a major factor which could slow down growth
- US economy is expected to grow at 1.7% in CY25 and 1.8% in CY26, unchanged from previous estimates, with a resilient economy.
- China is expected to grow at 4.5% in CY25 (Prev: 4.1%) and at and unchanged 4% y/y in CY26, driven by policy stimulus.
- India is expected to grow at 6.7% in FY26 and FY27 (Prev FY27: 6.8%), with strong consumption, credit growth and declining inflation

China meets economic targets set for CY24 on stimulus (Source: Bloomberg):

- China's real GDP growth stood at 5.4% y/y in Q4CY24, from 4.6% y/y in Q3CY24 and higher than expected 5% y/y, driven by policy stimulus. Notably, GDP growth stood at 5% y/y in CY24, on par with target
- Industrial production grew 6.2% y/y in Dec'24 (Nov'24: 5.4% y/y, Exp: 5.4% y/y), benefitting from stimulus and surge in exports
- Fixed asset investment grew slower than expected at 3.2% y/y in Dec'24
- Retail sales grew 3.7% y/y in Dec'24 (Nov'24: 3%), driven by festive sales

US retail sales rise below expectations (Source: Reuters): US retail sales rose 0.4% m/m in Dec'24, from 0.8% m/m in Nov'24, below market expectations of 0.6% m/m, driven by 2.3% m/m rise in furniture, 0.7% m/m rise in auto sales, offset by 0.3% m/m fall in food services. Notably, core retail sales rose 0.7% m/m in Dec'24.

US announces support for semiconductor sector (Source: Reuters): US announced USD 1.4 bn in final awards to support the next generation of semiconductor advanced packaging.

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