

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.54	2
US 2Y*	4.22	4
Germany 10Y	2.58	2
UK 10Y	4.62	1
Japan 10Y	1.20	2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.62	-1
6.79% GS 2034* (10Y)	6.69	0
7.23% GS 2039*	6.82	0
1-Month T-bill	6.39	-3
3-Month T-bill	6.55	0
6-Month T-bill	6.65	2
12-Month T-bill	6.63	2

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	92	93	28	39
AA	167	179	113	119
A	358	369	307	318

Source: FIMMDA, as on 28 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	4.35

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	136.0	6.58
Triparty Repo	3,584.5	6.46
Market Repo	1,550.3	6.59
Repo in corporate bond	19.1	6.85

Source: RBI, as of 29 Jan, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	76,533	0.8
NIFTY	23,163	0.9
NASDAQ	19,632	-0.5
S&P 500	6,039	-0.5
Nikkei 225	39,415	0.5
Euro Stoxx 50	5,231	0.7

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	76.7	-0.9
Natural gas Nymex (USD/MMBtu)	3.5	5.0
Gold Comex (USD/t oz.)	2,796.5	-0.1
Copper Comex (USD/lb)	429.2	1.5
Wheat cbot (USD/bu.)	562.5	2.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	86.55	0.0
GBP/ INR	107.83	0.1
EUR/ INR	90.18	-0.1
EUR/USD	1.04	-0.1
DXI Index	107.84	0.0

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; **US:** GDP CY24, Pending Home Sales Dec'24; **Eurozone:** Policy rate, GDP CY24; **Philippines:** GDP CY24; **S. Africa:** Policy Rate

News:

Domestic:

Union likely to cut customs duty on high end US imports (Source: ET): As per media sources, Union may reduce customs duty on several high end imported goods from US in budget FY26 amid tariff threats by US. Specialised steel, high end motorbikes and electronics are among the products that could see duty cuts.

Highway construction down 5.8% y/y in 9MFY25 (Source: MoRTH): Construction of national highways stood at 5,853 kms vs 6,216 kms in 9MFY24. Also, national highways of total length of 3,100 km were awarded (9MFY25: 3,111 km). Actual capex until Dec'24 was Rs. 2.25 trn (82% of FY25BE).

Fitch cautions on banks' asset quality (Source: CNBC): Fitch warned that increasing stress in unsecured retail loan portfolios could lead to new bad loans seeing a 25% y/y rise in FY25. Even so, it projected that impaired-loan ratio will drop by 40 bps to 2.4% for FY25.

Union approves mutual credit guarantee scheme for MSMEs (Source: PIB): The scheme provides 60% guarantee coverage for credit facilities up to Rs. 1 bn. The scheme offers collateral-free loans for the purchase of plant and machinery, with specific borrowing and repayment conditions.

RBI expresses supervisory discomfort over SFBs (Source: ET): This is due to high concentration risks and rising asset quality stress. SFBs with exposure to microfinance sector in certain geographic areas are affected. They have been advised to explore merger to mitigate risks.

Cabinet approves National Critical Mineral Mission (Source: PIB): This is at a cost of Rs 340 bn to encourage entities to acquire critical mineral assets abroad. It will have an outlay of Rs. 160 bn, including Rs. 26 bn budgetary support. Rs. 180 bn investment is expected from PSUs

T-Bill and VRR auctions conducted successfully (Source: RBI):

- 91-day T-bill worth Rs. 148.4 bn were auctioned (notified amount: Rs. 120 bn), at cut-off rate of 6.5625%. 182-day T-bill worth Rs. 90 bn were auctioned (notified amount: Rs. 80 bn), at cut-off rate of 6.6691%. 364-day T-bill worth Rs. 109.2 bn were auctioned (notified amount: Rs. 80 bn), at cut-off rate of 6.6345%.
- 1-day VRR worth Rs. 1.67 trn were auctioned, against a notified amount of Rs. 1.75 trn, at a cut-off yield of 6.51%.

International:

US Fed stays put on rates (Source: US Federal Reserve, CNBC): In a widely anticipated move, the FOMC left unchanged its overnight borrowing rate in a range between 4.25%-4.50%. The decision was unanimous. The statement read that the unemployment rate has stabilised at a low level in recent months, even as inflation remains somewhat elevated. It averred that the economy has continued to expand at a solid pace. Chair Mr. Powell said the Committee was in no hurry to cut rates and emphasised that the Fed operated without political considerations.

Global Central Banks take divergent approach to policy (Source: Bloomberg, Bank of Canada):

- Brazil's Central Bank raised its interest rate by 100 bps to 13.25% for second straight time and signalled another hike of same size in Mar'25
- Canada's Central Bank cuts interest rate by 25 bps as threat of new tariffs weighed in already slack economy
- Sweden's Central Bank lowered its interest rate by 25 bps to 2.25% with signalling that it might be finished with monetary policy easing

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US revokes spending freeze and plans to rescind climate rule (Source: Reuters): US has abandoned its proposed freeze on aid in the face of legal setbacks and opposition. Also, it plans to rescind climate rule requiring states to measure and set declining targets for GHG emissions from vehicles using the NH system.

US goods trade deficit widens due to faster fall in imports (Source: US BEA): US goods trade deficit widened to USD 122.1 bn in Dec'24, from USD 103.5 bn in Nov'24, as imports grew nearly 4% m/m to USD 289.6 bn, fuelled by highest increase in inbound shipments of industrial supplies since CY93. Exports decreased 4.5% m/m to USD 167.5 bn

Germany slashes growth outlook (Source: CNBC): Germany slashed its real GDP growth forecast as expected to 0.3% y/y in CY25 from previous estimate of 1.1% growth posted in Oct'24. It sighted premature end of administrative term and geopolitical uncertainty as key reasons for downward revision.

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