

SBICAPS Daily Digest

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.44	2
US 2Y*	4.22	3
Germany 10Y	2.37	1
UK 10Y	4.48	5
Japan 10Y	1.27	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.59	0
6.79% GS 2034* (10Y)	6.66	-1
6.92% GS 2039*	6.80	-1
1-Month T-bill	6.32	0
3-Month T-bill	6.46	0
6-Month T-bill	6.52	-5
12-Month T-bill	6.55	2

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	89	83	42	75
AA	172	169	127	159
A	366	359	320	357

Source: FIMMDA, as on 05 Feb, 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	4.33

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	144.5	6.45
Triparty Repo	3,616.1	6.25
Market Repo	1,841.0	6.33
Repo in corporate bond	25.9	6.94

Source: RBI, as of 06 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,058	-0.3
NIFTY	23,603	-0.4
NASDAQ	19,792	0.5
S&P 500	6,084	0.4
Nikkei 225	39,067	0.6
Euro Stoxx 50	5,357	1.6

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.7	-0.2
Natural gas Nymex (USD/MMBtu)	3.4	1.8
Gold Comex (USD/t oz.)	2,890.6	0.1
Copper Comex (USD/lb)	449.3	0.0
Wheat cbot (USD/bu.)	592.0	3.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.58	0.1
GBP/ INR	108.88	-0.4
EUR/ INR	90.82	0.0
EUR/USD	1.04	-0.1
DX Index	107.70	0.0

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: Policy Rate, G-sec & VRR Auctions; **US:** Non-farm Payrolls Jan'25; **Germany:** Trade Balance Dec'24

News:

Domestic:

Auto sales display robust growth in Jan'25 after a tumultuous Dec'24 (Source: FADA): Automobile retail sales grew 7% y/y in Jan'25 to 2.3 mn units, after falling 12% y/y in Dec'24, driven by robust demand due to new model launches amidst marriage season and improved financing. PV sales grew a jubilant 16% y/y to 465k units, 3W sales rose 7% y/y to 108k units, 2W sales recovered, rising 4% y/y to 1.5 mn units, and CV sales grew 8% y/y to 100k units, chucking a falling trend in CY24.

FMCG displays robust growth in Q3FY25 (Source: BS): According to NielsenIQ, FMCG sales grew 10.6% y/y in Q3FY25, from 5.6% y/y in Q2FY25, aided by recovery in rural markets, festive demand and higher price of staples. Notably, food volumes grew 7% y/y and personal care grew 7.3% y/y in Q3FY25, driven by smaller, affordable packs from small and medium manufacturers.

Union estimates decent horticulture production in AE 2024-25 (Source: ET): Horticulture production is expected to rise ~2% y/y to 362 mn tonnes in 2024-25 driven by higher output of vegetables and fruits. Notably, vegetable production is pegged to grow 3.5% y/y to 214.5 mn tonnes driven by 4.5% y/y rise in potato production to 59.6 mn tonnes and 1.1% y/y rise in tomatoes to 21.5 mn tonnes. Onion production is pegged to grow by an impressive 19%. These are as per the First Advance Production Estimates.

Union considers tariff review to spur trade with US (Source: FE): According to media sources, Union is reviewing tariff cuts on 30 items, including luxury cars, solar cells and chemicals, in a bid to safeguard trade with the US, in the face of POTUS Mr. Trump's growing tariff action.

VRR auction conducted successfully (Source: RBI): 1-day VRR worth Rs. 216 bn was auctioned, against a notified amount of Rs. 250 bn, at a cut-off yield of 6.51%.

International:

BoE cuts policy rates amidst growth concerns (Source: Reuters): Bank of England cut its policy rate by 25 bps to 4.5%, with a 7-2 vote, with dissenters opting for an outsized 50 bps cut, citing weaker than expected GDP growth while keeping the rate sufficiently restrictive to squeeze out second-round inflation impact. BoE Governor Mr. Bailey advocated for gradual approach in further rate reduction.

Mexico opts for outsized policy rate cuts (Source: Reuters): Banxico cut policy rate by 50 bps to 9.5% with a 4-1, after four consecutive 25 bps cuts, citing weakness in economic growth aided by continued disinflation.

IMF warns Japan about shoring up fiscal health (Source: Bloomberg): Japan's IMF Mission Chief Ms. Choueiri interjected that higher financing costs in Japan with the largest public debt in developed world is leading to limited room to address shocks. She suggested accommodation of fiscal spending needs without increasing deficits.

US Treasury Secy. vows temperance in government actions (Source: Bloomberg): Mr. Bessent said that he doesn't see changes in issuances and declared that his meeting with the US Fed Chief was constructive. Further, he assured that DOGE is not going to disrupt the URS or Treasury payment system. Finally, he said the strong USD policy will be intact under Mr. Trump.

US Fed officials veer away from rate cuts in CY25 (Source: Reuters, Bloomberg):

- Mr. Waller suggested that he is supportive of stable crypto currencies which boost USD's status as reserve currency, with regulatory guardrails
- Ms. Logan opined that rates are at neutral level and there's no need to cut further, even if inflation cools further, as demand remains strong

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