

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.92	0
US 2Y*	4.44	0
Germany 10Y	2.01	-7
UK 10Y	3.64	-5
Japan 10Y	0.55	-11

Source: Bloomberg, \*semi-annual

## G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.10	2
7.18% GS 2033* (10Y)	7.17	2
7.18% GS 2037*	7.28	0
91-day T-bill	6.98	0
182-day T-bill	7.19	0
364-day T-bill	7.19	0

Source: CCL, RBI, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	65	83	63	49
AA	131	148	129	117
A	318	338	319	307

Source: FIMMDA, as on 18 Dec, 2023

## 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	8.70
SOFR	5.32

Source: RBI, Federal Reserve Bank of New York

## Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	122.1	6.80
Triparty Repo	3,753.4	6.77
Market Repo	1,359.6	6.81
Repo in corporate bond	4.8	7.06

Source: RBI, as of 19 Dec, 2023

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,437	0.2
NIFTY	21,453	0.2
NASDAQ	15,003	0.7
S&P 500	4,768	0.6
Nikkei 225	33,810	3.2
Euro Stoxx 50	4,535	0.3

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	79.2	1.4
Natural gas Nymex (USD/MMBtu)	2.6	2.4
Gold Comex (USD/t oz.)	2,051.0	0.6
Copper Comex (USD/lb)	390.6	1.2
Wheat cbot (USD/bu.)	624.0	0.5

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.18	0.1
GBP/ INR	105.77	0.5
EUR/ INR	91.17	0.5
EUR/USD	1.10	0.4
DX Index	102.20	-0.3

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Event:

**India:** T-bill auction; **China:** Policy Rate; **UK:** CPI, PPI Nov'23; **USA:** Existing Home Sales Nov'23, CB Index Dec'23; **Germany:** Gfk Jan'23

## News:

## International:

**China holds benchmark rates steady (Source: WSJ):** China kept its benchmark lending rates unchanged with the 1Y loan prime rate at 3.45% and 5Y rate at 4.2%, in line with market expectations, but is expected to ramp up stimulus to support a sputtering economy amidst deflationary pressure.

**US real estate crunch eases with surge in new-home construction (Source: Bloomberg):** US new-home construction rises to 6-month high in Nov'23, with residential starts rising 14.8% m/m in Nov'23 at 1.56 mn annualized rate, benefiting from supply shortage in existing houses and easing mortgage rates.

## US Fed officials continue to remain focused on inflation (Source: Reuters):

- Mr. Barkin opined that demand, inflation and employment are stabilizing and hints at rate cuts if inflation continues as anticipated.
- Mr. Goolsbee interjected that the restrictiveness of the policy is depended on the trajectory of inflation, despite euphoric market expectations.

## EMs cut rates citing growth concerns (Source: Bloomberg, Reuters):

- Hungary cut its policy rate by 75 bps to 10.75%, its 3<sup>rd</sup> cut since Oct'23, prompted by sharp drop in inflation and flailing economy, hinting at keeping up the pace of cuts, with next cut expected in Feb'24
- Colombia cut its policy rate by 25 bps to 13%, although still remaining cautious, as signs of faltering economy overtake inflationary fears.
- Chile cut policy rates by a more than expected 75 bps, signalling that borrowing costs could fall even faster, due to easing inflation and improving global growth outlook.

**S&P upgrades rating for Brazil following major tax reforms (Source: Reuters):** S&P Global Ratings upgraded Brazil's long-term rating to BB from BB- on the back of landmark tax reforms that reinforce its pragmatic track record in recent years. S&P has revised its to stable from positive.

**Japan trade deficit widens in Nov'23 (Source: Japan Times):** Japan logged in a trade deficit of JPY 777 bn or USD 5.2 bn in Nov'23 as economy fails to capture overseas demand. Exports fell by 0.2% y/y on the back of lower steel and chip-making exports while import fell 11.9% y/y due to falling coal and gas purchases.

## Domestic:

**RBI acts to prevent evergreening of loans (Source: RBI):** RBI has raised regulatory concerns regarding evergreening of loans by regulated entities through AIFs and tightened norms. REs shall not make any investments in AIFs with downstream investments in debtor companies. Investments in AIFs that make such downstream investments should be liquidated within 30-days. In case of inability to do so, REs are required to make 100% provision on such investments. Additionally, investments in subordinated units of AIFs with priority distribution model are subject to full deduction from REs' capital funds.

**Union announces extra borrowing ceiling for NPS for states (Source: BS):** The Union approved an extra borrowing ceiling of Rs. 609 bn to 22 states for NPS contribution, over and above the ceiling for FY24.

**PE/VC investments plunges in Nov'23 (Source: ET):** PE/VC investments have plummeted to a 43-month low of USD 1.6 bn in Nov'23, falling 69% y/y and 60% m/m, as a drop in number of large deals suggests a widening bid-ask spread in investor and seller valuations.

Contd...

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## SBICAPS Daily Digest

**SGS auctions conducted successfully (Source: RBI):** SGS worth Rs. 197 bn were auctioned, against a notified amount of Rs. 196 bn by 13 states, with cut-off yield ranging between 7.54% and 7.63%. Notably, 10Y yields ranged between 7.62%-7.63%.

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