

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.16	3
US 2Y*	4.61	0
Germany 10Y	2.19	-1
UK 10Y	3.96	2
Japan 10Y	0.78	12

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.22	-1
7.18% GS 2033* (10Y)	7.24	-1
7.18% GS 2037*	7.36	-1
91-day T-bill	6.95	0
182-day T-bill	7.17	0
364-day T-bill	7.16	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	52	56	60	54
AA	118	124	128	121
A	305	313	319	315

Source: FIMMDA, as on 06 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	120.6	6.70
Triparty Repo	3,712.3	6.72
Market Repo	1,535.3	6.74
Repo in corporate bond	0.0	NA

Source: RBI, as of 07 Dec, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	69,522	-0.2
NIFTY	20,901	-0.2
NASDAQ	14,340	1.4
S&P 500	4,586	0.8
Nikkei 225	32,858	-1.8
Euro Stoxx 50	4,474	-0.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	75.1	0.7
Natural gas Nymex (USD/MMBtu)	2.6	0.8
Gold Comex (USD/t oz.)	2,048.2	0.1
Copper Comex (USD/lb)	380.2	1.2
Wheat cbot (USD/bu.)	642.8	1.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.36	0.0
GBP/ INR	104.95	0.3
EUR/ INR	89.98	0.4
EUR/USD	1.08	0.3
DX Index	103.60	-0.5

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: Policy rate, G-sec auction; **US:** Unemployment rate, Non-farm payrolls Nov'23; **Global:** WASDE, FAO Food Price Index Nov'23; **Japan:** GDP Q3CY23

News:

International:

Japan's GDP contracts deepest since the height of pandemic in Q2CY20 (Source: Bloomberg): The economy contracted at the sharpest pace since the height of pandemic, printing -2.9% y/y growth in Q3CY23, against expectations of -2.1% (Q2CY23: 4.8%). The numbers reflected weak domestic spending being revised down while capital spending was moderately revised upwards. The same clouds the path of BOJ, attempting to end the negative interest rate regime.

Eurozone final Q3CY23 GDP revised down (Source: Forexlive): GDP remained flat with 0% y/y growth in Q3CY23, against prelim of 0.1%. While minor contraction was witnessed at 0.1% q/q, as declining exports and inventories weigh on economy. However, employment was up 0.2%, compared to 0.1% in the last quarter.

German industrial output falls unexpectedly in Oct'23 (Source: Reuters): The output fell 0.4% m/m, against a 0.2% increase anticipation (Sep'23: 1.4% fall). Decline was attributable to 6.3% m/m lower output of mechanical engineering sector and construction too. Sequentially, production fell 3.38% y/y.

US wholesale inventories revised lower in Oct'23 (Source: Reuters): Wholesale stocks dropped 0.4% m/m in Oct'23 instead of prelim of 0.2%, against expectations of no change. There were decreases in of furniture, computer equipment, metals, apparel and hardware as machinery, electrical and farm products increased.

Domestic:

NFRA may spell out norms for AT-1 bonds valuation (Source: ET): As per media sources, the National Financial Reporting Authority (NFRA) is expected to spell out norms for the AT-1 bonds valuation in conjunction with SEBI, as trading in these bonds have come to almost a standstill while the government would like to see more banks tapping the market through this instrument.

Diesel consumption fell, while petrol up in Nov'23 (Source: BS): On account of festivities occurring in Nov'23, petrol and ATF consumption rose 9.4% y/y and 12% respectively to 3.13 and 0.69 mn tonnes while diesel consumption fell 3% y/y to 7.53 mn tonnes. Apart from fall in diesel, lower consumption of products like bitumen, coke, etc. declined overall petroleum consumption by 2% y/y to 18.7 mn tonnes. The same was led by higher use of personal vehicles, and robust demand from industrial and agricultural sectors.

Life insurance companies' premiums clock a massive drop, while non-life moderately increase (Source: BS):

- New business life insurance premiums declined 25.3% y/y in Nov'23 to Rs. 264.9 bn led by state-owned entities which resulted in their declining share. Cumulative 10MFY24 premiums declined 12% y/y to Rs. 2.12 trn led by regulatory tax changes
- Premiums of non-life insurance companies grew by 7.4% y/y amid tepid growth across insurers. Growth of public sector insurance companies slipped by 1.98% y/y to Rs. 63.7 bn as private insurers grew 9.6% to Rs. 115.6 bn, resulting in share of state led insurers falling to 31.5%. Premiums of stand-alone health insurers increased 22.6% y/y.

Fall in export orders cause net imports of steel in Apr-Nov'23 (Source: Businessline): Imports at 4.3 mn tonnes exceeded exports, which stood 4.0 mn tonnes for 8MFY24. Exports fell 30% y/y, which met with an equivalent % rise in imports, on account of a continued fall in export orders on account of global recessionary pressures, inability to tap into new markets, and stiff competition from lower-priced offerings coming in from China and Vietnam.

Contd...

December 8, 2023



SBICAPS Daily Digest

IT-SEZ developers get flexibility to use vacant space (Source: BS): Developers can use their vacant spaces like domestic tariff areas for purposes other than IT and ITeS, with part of the SEZ could be declared “non-processing area”. The notification by Commerce ministry is subject to Board of Approval.

Flue gas de-sulfurization installed in multiple thermal power plants (Source: PIB): As per Union Power Minister Mr. Singh, 24 units of thermal power plants with 10.6 GW installed capacity have installed flue gas de-sulfurization equipment across India, complying with SO2 emission norms as notified by Ministry of Environment.

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