

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.43	-8
US 2Y*	4.84	-6
Germany 10Y	2.59	-5
UK 10Y	4.14	-8
Japan 10Y	0.75	-4

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.20	0
7.18% GS 2033* (10Y)	7.24	2
7.18% GS 2037*	7.34	1
91-day T-bill	6.93	0
182-day T-bill	7.10	0
364-day T-bill	7.13	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	46	40	37	41
AA	110	105	102	106
A	299	295	293	298

Source: FIMMDA, as on 15 Nov, 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	107.1	6.78
Triparty Repo	3,219.6	6.77
Market Repo	1,533.8	6.81
Repo in corporate bond	12.7	7.00

Source: RBI, as of 16 Nov, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	65,982	0.5
NIFTY	19,765	0.5
NASDAQ	14,114	0.1
S&P 500	4,508	0.1
Nikkei 225	33,424	-0.3
Euro Stoxx 50	4,302	-0.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	77.4	-3.9
Natural gas Nymex (USD/MMBtu)	3.1	-2.8
Gold Comex (USD/t oz.)	1,985.1	1.1
Copper Comex (USD/lb)	369.4	-0.1
Wheat cbot (USD/bu.)	581.0	-0.9

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.24	0.1
GBP/ INR	103.35	0.3
EUR/ INR	90.28	0.3
EUR/USD	1.09	0.2
DXI Index	104.36	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: G-Sec Auction, VRRR Auction; **US:** Building Permits Oct'23, Housing Starts Oct'23; **UK:** Retail Sales Oct'23

News:

International:

US industrial output drops in Oct'23 (Source: MarketWatch): US industrial output fell by 0.6% m/m in Oct'23, against the expectations of 0.3% m/m decline, after slight rise of 0.1% m/m in Sep'23. Notably, industrial production fell by 0.68% y/y in Oct'23, from -0.16% y/y in Oct'22. The manufacturing alone fell by 0.7% but it was up 0.1% excluding the auto sector.

US weekly jobless claims at three months high (Source: DOL, Reuters): US initial jobless claims increased by 13k to 231k in the week ending 11th Nov'23, higher than consensus of 220k. Additionally, continuing jobless claims rose to 1865k as on 16 Nov'23 from 1833k in last week.

US Fed officials are open ended on rates but express need to slim balance sheet (Source: Forexlive):

- Ms. Cook mentioned that risks are two sided, must balance risk of not tightening policy enough against risk of doing too much. Ms. Mester mentioned that whether further hikes are needed depends on the economy
- Ms. Kugler and Mr. Jefferson saw a case for decline in size of the Fed's balance sheet further before reserves reach a level consistent with operating framework

ECB officials express that worst may over, rate cuts may start (Source: Forexlive):

- Ms. Lagarde mentioned European financial system has avoided the worst-case scenario, and that steps will be taken to maintain stability
- Mr. Centeno observed that interest rates will not desirably return to zero, yet rate cuts may not be too far out from the horizon

Domestic:

RBI boosts risk weights for unsecured debt (Source: RBI): The consumer credit exposure of commercial banks and NBFCs increased by 25pp to 125%. The bank credit to NBFCs is also increased by 25pp to all risk weights below 100%. Also, the Board approved limits in respect of various sub-segments under consumer credit. The instructions will come into force with immediate effect.

RBI maintains optimism on economy (Source: RBI): In its Nov'23 bulletin:

- Growth in GDP is sequentially expected to be higher in Q3FY24 with festival demand remaining ebullient.
- A combination of monetary policy action and supply side interventions guided inflation down from high reaches to which it had climbed. Food inflation remains the key risk
- External sector has remained viable with modest CAD financed by resilient capital flows and healthy level of forex reserves.
- Net FDI declined to USD 4.5 bn during H1FY24 from USD19.6 bn a year ago due to a moderation in gross FDI and a rise in repatriation.
- Gross disbursement of ECBs to India at USD 20.5 bn during H1FY24 was nearly double those of USD10.8 bn in H1FY23
- NRI deposits outstanding increased to USD 143.07 bn in Sep'23 from 141.99 bn in Aug'23

Union considering several measures to help revive SEZs (Source: BS): As per media sources, Union is considering several measures such as a flexible framework for sale of products manufactured in SEZs in the domestic market, easy de-notification norms, and streamlining approval processes for units. The bill is likely to be tabled in winter session of parliament.

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Domestic air passenger rises by 11% in Oct'23 (Source: DGCA): Domestic air passenger traffic recorded growth of nearly 11% y/y to 12.6 mn in Oct'23 from 11.4 mn in Oct'22. In 10MCY23 the passengers carried by domestic airlines increased by 26.98% y/y to 125.5 mn from 98.8 mn during 10MCY22.

SEBI board to discuss changes in delisting (Source: BS): SEBI Chairperson Ms. Puri mentioned that the markets regulator's board will be discussing potential changes on delisting at its next meeting. It will also table changes on insider trading norms in future.

Just in time release of central funds to cut borrowings (Source: FE): As per media sources, the Union is planning to roll out a new mechanism that would remove the floating of funds for centrally sponsored schemes with the state agencies. It would let the Union cut interest costs by ensuring that borrowings are undertaken just in time.

Union announces reduction in windfall taxes (Source: Mint): Union to cut the windfall tax on crude oil to Rs. 6,300 per tonne from Rs. 9,800 per tonne due decline in international oil prices. It also slashed the windfall tax on diesel to Rs. 1 per Litre from Rs. 2 per Litre.

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