

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	3.88	4
US 2Y*	4.25	-2
Germany 10Y	2.02	8
UK 10Y	3.52	3
Japan 10Y	0.60	-1

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.09	-4
7.18% GS 2033* (10Y)	7.18	-4
7.18% GS 2037*	7.29	-3
91-day T-bill	6.93	0
182-day T-bill	7.16	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	59	56	48	37
AA	123	119	112	104
A	313	311	306	299

Source: FIMMDA, as on 29 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	8.75
SOFR	5.40

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Notice Money	82.6	6.85
Term Money	1.3	-
Triparty Repo	3130.6	6.77
Market Repo	1228.7	6.84
Repo in corporate bond	0.0	NA

Source: RBI, as of 29 Dec, 2023

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,240	-0.2
NIFTY	21,731	-0.2
NASDAQ	15,011	-0.6
S&P 500	4,770	-0.3
Nikkei 225	33,464	-0.2
Euro Stoxx 50	4,522	0.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	77.0	-0.4
Natural gas Nymex (USD/MMBtu)	2.5	-1.2
Gold Comex (USD/t oz.)	2,071.8	-0.3
Copper Comex (USD/lb)	389.1	-0.9
Wheat cbot (USD/bu.)	628.0	-0.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.21	0.0
GBP/ INR	105.90	0.0
EUR/ INR	91.78	-0.2
EUR/USD	1.10	-0.3
DXI Index	101.38	0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Event:

S. Korea: Trade balance Dec'23

News:

International:

China's official manufacturing PMI falls further in Dec'23 (Source: NBS): China's official manufacturing PMI printed 49 in Dec'23 decrease from 49.4 in Nov'23 (Forecast: 49.6) due to complicated, tough, and uncertain external environment. However, the official non-manufacturing PMI rose to 50.4 in Dec'23 from 50.2 in Nov'23. President Mr. Xi vowed to strengthen economic momentum and deliver job creation.

Slide in China's home sales accelerates in Dec'23 (Source: BS): The value of new home sales among the 100 biggest real estate companies fell 34.6% y/y from to CNY 451.3 bn, compared with a 29.6% y/y decline in Nov'23. However, Dec'23 sales were up 15.7% m/m.

Russian factory activity expands at fastest pace in Dec'23 (Source: Reuters): Activity in Russia's manufacturing sector expanded at its fastest pace in almost seven years as PMI for manufacturing rose to 54.6 in Dec'23 from 53.8 in Nov'23. However, new export orders contracted for the second month running.

Domestic:

Rs. 3.93 trn of T-bills planned to be auctioned in Q4FY24 (Source: RBI): This would consist of weekly auctions of Rs. 270 bn in first half of Q4FY24, with the first auction on 4 Jan'24. Each week's auction would consist of Rs. 80 bn of 91-day T-bills, Rs. 100 bn of 182-day T-bills, and Rs. 90 bn of 364-day T-bill. The second half of Q4FY24 weekly auction of Rs. 340 bn would consist of Rs. 100 bn of 91-day T-bills, Rs. 150 bn of 182-day T-bills, and Rs. 90 bn of 364-day T-bill. Union has borrowed Rs. 3.61 trn in Q3FY24 as against notified Rs. 3.12 trn for Q3FY24.

SGS auction calendar for Q4FY24 announced (Source: RBI):

- Rs. 4.13 trn of indicative gross borrowing through weekly SGS auctions is proposed in Q4FY24
- The largest borrowers in Q4FY24, as per plan, are Tamil Nadu (Rs. 600 bn), Karnataka (Rs. 580 bn), and Madhya Pradesh (Rs. 385 bn), accounting for 38% of overall borrowing
- States had borrowed Rs. 2.5 trn in Q3FY24 as against planned Rs. 2.37 trn for Q3FY24.

Eight core industries index grew at slower pace in Nov'23 (Source: PIB): The index grew by 7.8% y/y in Nov'23, lower as compared to 12.1% in Oct'23. Highest growth was seen in refinery products (12.4% y/y), coal (10.9% y/y), and steel (9.1% y/y), while cement saw a decrease by 3.6% in Nov'23 against increase of 17.4% in Oct'23 and electricity dropped to 5.6% in Nov'23 from 20.3% in Oct'23.

Union fiscal deficit at 50.7% of FY24BE as on Nov'23 (Source: CGA): The fiscal deficit for 8MFY24 rose to Rs. 9.06 trn (50.7% of FY24BE) as compared to Rs. 9.78 trn observed in 8MFY23. This was as,

- Total receipts for 8MFY24 stood at Rs. 17.5 trn or 64.3% of FY24BE, stronger than 8MFY23
 - Gross tax revenues were up 15% y/y in 8MFY24 due to stronger corporation tax and personal tax, partially offset by lower union excise duty and IGST. Net tax revenues rose by 17.2% y/y
 - Non-tax revenue was better than last year, supported by dividends
- Total expenditure for 8MFY24 stood at Rs. 26.52 trn (58.9% of FY24BE), as against 61.9% of FY23BE, on a y/y basis it rose by 8.5%
 - Revenue expenditure reached 59% of FY24BE
 - Capex remained strong and reached 58.5% of FY24BE, at Rs. 5.9 trn and well above 8MFY23 figures.

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Bank credit growth remains robust in Nov'23 (Source: RBI):

- Non-food bank credit grew by 16.3% y/y in Nov'23 (adjusting for the merger of a large HFC, unadjusted: 20.8%)
- Credit to industry remained moderate and rose by 6.1% y/y, with large industries lagging at 3.6%. Amongst sectors, pickup was seen in iron and steel, cement, and railways (ex. Indian Railways)
- Credit to services sector grew by 21.9% y/y in Nov'23 as compared with 21.3% a year ago. Credit growth to NBFCs tapered down in Nov'23, but remained healthy at 21.5% y/y
- Personal loans growth decelerated to 18.6% y/y in Nov'23 due to moderation in credit growth to housing
- Credit growth to agriculture and allied activities accelerated to 18.2% y/y in Nov'23 from 14.0% a year ago

Lending rates on fresh loans fell sharper while deposit rates on fresh deposits slightly increased for SCBs in Nov'23 (Source: RBI):

- The weighted average lending rate (WALR) on fresh rupee loans of SCBs was at 9.34% in Nov'23 (Oct'23: 9.50%). The WALR on outstanding rupee loans of SCBs moved to 9.80% in Nov'23 from 9.84% in Oct'23. 1-year median MCLR of SCBs moved to 8.75% in Dec'23 from 8.70% in Nov'23.
- The weighted average domestic term deposit rate (WADTDR) on fresh rupee term deposits of SCBs moved to 6.34% in Nov'23 from 6.31% Oct'23. The WADTDR on outstanding rupee term deposits of SCBs was at 6.78% in Nov'23 (Oct'23: 6.75%).

Union revises interest rates upward for specific saving schemes (Source: ET): Union announced the interest rates applicable to small savings schemes for Q4FY24. Post office 3 Year time deposit and Sukanya Samrddhi scheme have witnessed an increase in their interest rates by 10 and 20 bps respectively. The interest rate for the PPF remains constant at 7.1%.

Target of building 2 bn tonne coal stock by CY30 (Source: BS): Union plans to build a domestic thermal coal stock of 1.8-2.5 bn tonnes by CY30-CY32, following which it intends to hit pause button on production for next decade. The projected demand for coal will be close to 1.5-1.8 bn tonnes by CY30.

G-sec and VRR auctions concluded successfully (Source: RBI):

- 7.37% GS 2028 worth Rs. 70 bn were auctioned (notified: Rs 70 bn) at a cut-off yield of 7.0628%. 7.18% GS 2033 worth Rs. 160 bn were auctioned (notified: Rs 60 bn) at a cut-off yield of 7.1754%. 7.30% GS 2053 worth Rs. 100 bn were auctioned (notified: Rs 100 bn) at a cut-off yield of 7.4283%.
- 7-day VRR worth Rs. 1.25 trn were conducted against a notified amount of Rs. 1.25 trn at a cut-off yield of 6.73%.

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