

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.01	-4
US 2Y*	4.37	-1
Germany 10Y	2.13	-2
UK 10Y	3.77	-1
Japan 10Y	0.58	-2

Source: Bloomberg, *semi-annual

G-sec yield:

G-Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.08	-3
7.18% GS 2033* (10Y)	7.20	-3
7.18% GS 2037*	7.31	-4
91-day T-bill	6.94	0
182-day T-bill	7.15	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	70	88	9	49
AA	134	151	73	116
A	324	343	267	311

Source: FIMMDA, as on 05 Jan, 2024

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	5.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	5,086.5	6.77
Triparty Repo	125.9	6.76
Market Repo	3,537.2	6.79
Repo in corporate bond	1,420.8	7.38

Source: RBI, as of 08 Jan, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,355	-0.9
NIFTY	21,513	-0.9
NASDAQ	14,844	2.2
S&P 500	4,764	1.4
Nikkei 225	33,377	0.0
Euro Stoxx 50	4,485	0.5

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	76.5	-2.9
Natural gas Nymex (USD/MMBtu)	2.9	0.7
Gold Comex (USD/t oz.)	2,040.4	-0.5
Copper Comex (USD/lb)	383.5	0.8
Wheat cbot (USD/bu.)	598.8	-2.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.05	-0.1
GBP/ INR	105.97	0.2
EUR/ INR	90.99	0.1
EUR/USD	1.10	0.2
DXY Index	102.13	-0.3

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS auction; US: Trade balance Nov'23; Japan: CPI Dec'23; World: EIA STEO

News:

International:

US Fed members indicate that rates to remain at current levels in the short term (Source: CNBC, Reuters):

- Ms. Bowman said that rate hikes are likely over. However, she does not advocate cutting rates yet and added that rates must be held at current levels in the short term.
- Mr. Bostic had a similar view that rates should be kept tight despite the overall risks in the economy becoming more balanced between high inflation and slower employment growth.

German exports rise more than expected in Nov'23 (Source: Reuters): German exports rose by 3.7% m/m to EUR 131.2 bn, more than expectation of 0.3% in Nov'23 as demand in the EU increased strongly by 5.4%. Further, imports rose by 1.9% to EUR 110.8 bn. Consequently, the trade surplus stood at EUR 20.4 bn.

Euro Area retail sales better than expected in Nov'23 (Source: Eurostat): Seasonally adjusted retail sales volumes declined in Nov'23 by 1.1% y/y (forecast: -1.5%), following a 1.2% drop in Oct'23, the volume of retail trade decreased by 4.5% for automotive fuels, by 0.7% for food, drinks, and tobacco and by 0.2% for non-food products. On a m/m basis the sales were lower by 0.3%.

Domestic:

Bloomberg proposes India gilts inclusion in EM Local Currency Index (Source: ET): Bloomberg Index Services has proposed to include Indian bonds under the FAR in its emerging market local currency index. The inclusion is set to be implemented gradually over a 5-month period, commencing in Sep'24. Notably, India will remain excluded from the Bloomberg Global Aggregate and associated indices.

Mutual fund industry AUM crosses Rs. 50 trn mark for the first time (Source: CNBC): Mutual funds saw a total outflow of Rs. 406.8 bn in Dec'23, as against an inflow of Rs. 256.2 bn in Nov'23. Equity mutual funds saw an inflow of Rs. 170 bn in Dec'23, higher than Rs. 155.4 bn in Nov'23, aided by robust inflows in small and mid-cap funds. Debt funds saw an outflow of Rs. 755 bn in Dec'23, up from outflow of Rs. 47 bn in Nov'23, with liquid funds seeing an outflow of Rs. 396.8 bn and corporate bond funds seeing an outflow of Rs. 157.8 bn.

Auto retail sales growth remains robust in Dec'23 (Source: FADA): Retail auto sales jumped 21% y/y in Dec'23 to ~2mn units with all categories reporting positive growth, driven by 28% and 36% y/y increase in 2W and 3W sales. Further, PV sales rose at a modest rate of 3% to 293k units. Notably, PV sales rose 11% y/y in CY23 to 3.86 mn units, driven by new SUV launches.

Fuel consumption rises 2.6% y/y to 20 mn tonnes in Dec'23 (Source: BS): Fuel consumption rose to a 7-month high in Dec'23 to about 20.1 mn tonnes. Petrol and ATF consumption rose 0.2% and 9.2% respectively to 2.99 and 0.72 mn tonnes, while diesel consumption declined by 2.3% to 7.6 mn tonnes. Further, other products like bitumen and pet coke saw higher consumption.

Coal production from captive, commercial mines likely at 187 MT in FY25 (Source: PIB): The Ministry of Coal aims for 186.63 mn tonnes of coal from captive/commercial mines in FY25, increasing to 225.69 mn tonnes in FY26, and a long-term target of 383.56 mn tonnes by FY30.

Union to invest Rs 600 bn in river cruise tourism, green vessels (Source: BS): Investments totaling Rs 600 bn are planned towards river cruise tourism and green vessels. Rs. 450 bn are aimed at boosting passenger capacity from 200k to 1.5 mn by 2047, while Rs 150 bn will be allocated over the next decade for the development of 1k vessels and ferries as part of a green transport initiative.

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