

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.14	4
US 2Y*	4.44	3
Germany 10Y	2.35	4
UK 10Y	4.05	7
Japan 10Y	0.70	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.04	2
7.18% GS 2033* (10Y)	7.08	1
7.18% GS 2037*	7.11	0
91-day T-bill	7.01	0
182-day T-bill	7.15	0
364-day T-bill	7.11	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	96	58	81	48
AA	157	119	146	117
A	347	309	336	309

Source: FIMMDA, as on 07 Feb, 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	8.80
SOFR	5.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	117.4	6.65
Triparty Repo	3,324.3	6.63
Market Repo	1,602.3	6.67
Repo in corporate bond	4.9	6.95

Source: RBI, as of 08 Feb, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	71,428	-1.0
NIFTY	21,718	-1.0
NASDAQ	15,794	0.2
S&P 500	4,998	0.1
Nikkei 225	36,863	2.1
Euro Stoxx 50	4,711	0.7

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	81.5	2.4
Natural gas Nymex (USD/MMBtu)	1.9	-5.6
Gold Comex (USD/t oz.)	2,049.4	-0.1
Copper Comex (USD/lb)	370.8	-1.2
Wheat cbot (USD/bu.)	590.5	-1.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	82.96	0.0
GBP/ INR	104.70	-0.1
EUR/ INR	89.34	-0.1
EUR/USD	1.08	-0.1
DX Index	104.14	0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: G-Sec auction, VRR auction

News:

International:

ECB open to keeping rates higher for longer (Source: ECB): The ECB in its bulletin said that,

- Medium-term inflation outlook largely in line with previous assessment. Underlying inflation continues to decline despite energy-related upward pressure on headline inflation.
- Interest rate increases have been effectively transmitted into financing conditions. Current ECB interest rates are considered sufficient. Interest rates to be at restrictive levels for as long as necessary.
- Separately, ECB member Mr. Holzmann said that there is a certain chance that ECB won't cut rates this year, while Mr. Wunsch said that there is value in waiting to get more comforting wage data, before cutting rates.

US Fed officials undecided on rate cut timing (Source: Bloomberg, Reuters):

- Ms. Collins said that Fed will likely cut the interest rates by 75 bps in CY24 starting as soon as data confirms on path inflation
- Mr. Barkin reiterated that policymakers have time to be patient about the timing of rate cuts as economy showing continued disinflation and strong labour market

US weekly jobless claims stay low (Source: Reuters): The jobless claims benefits fell by 9k slightly more than expected 7k claims to 218k for week ended on 3 Feb'24, pointing to underlying labour market strength despite a recent surge in announced layoffs, mostly in the technology industry.

Outlook on world grain output kept majorly stable (Source: USDA): The overall CY24 projected world grain output was revised moderately downwards to 2809.5 mn tonnes in Feb'24, from previous month's projection, led by a lower projected output in coarse grains while expected output of rice and wheat was kept stable.

Domestic:

RBI holds rates and stance steady (Source: RBI): Highlights of Feb'24 MPC:

- Repo rate remains unchanged at 6.5% by a 5-1 vote, along with SDF and MSF at 6.25% and 6.75% respectively. The dissenting member had voted for a cut in repo rate
- Retained its stance of being focused on withdrawal of accommodation, by a similar 5-1 vote as last time. It clarified that the stance primarily refers to the MPC's intent on controlling inflation and with reference to ongoing transmission of rates, and not necessarily to liquidity conditions.
- RBI has pegged real GDP growth at 7% for FY25, with upward revisions for all quarters, indicating sustained momentum. Global growth outlook is better though constrained fiscal space could be a dampener
- RBI maintains its FY24 CPI growth expectation at 5.4% y/y, bringing down Q4FY24 inflation. Inflation will be >4% in Q1FY25 as well. Food price shocks remain key variable

For more details, refer to our detailed note on RBI Policy

Debt mutual fund inflows turn positive in Jan'24 (Source: AMFI, ET): Equity mutual funds saw inflows of Rs 217.8 bn for Jan'24, 28% higher m/m (Dec'23: Rs. 169.97 bn) led by strong inflows in sectoral funds to the tune of Rs 48.04 bn, while small caps witnessed inflows of Rs 32.57 bn. Debt funds saw inflows of Rs 764.69 bn (Dec'23: Rs 755.60 bn outflow) with liquid funds receiving majority of the inflows at Rs 494.67 bn. Corporate bond funds witnessed net inflows of Rs 13.01 bn.

Fuel consumption rises in Jan'24 (Source: BS): Total fuel consumption rose by 8.2% y/y in Jan'24 to 20.04 mn tonnes from 18.51 mn tonnes in Jan'23. Consumption of diesel rose by 3.5% y/y to 7.43 mn while gasoline increased by 9.6% y/y to 3.10 mn tonnes. LPG consumption rose by 7.6% to 2.70 mn tonnes in Jan'24.

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February 9, 2024



SBICAPS Daily Digest

SEBI tweaks pricing method for institutional placement by private InvITs (Source: BS): According to the revised guidelines, institutional placement by privately placed InvITs must be at a price equal to or higher than the NAV per unit, based on full asset valuation as per InvIT Regulations. Previously, the rule required institutional placement by InvITs to be at a price not lower than the average of the weekly high and low closing prices of the units of the same class quoted on the stock exchange during the 2 weeks preceding the relevant date.

Cabinet approves telecom spectrum auctions at base price of Rs 963.17 bn (source: BS): The Union Cabinet approved the next telecom spectrum auction of a total of 10523 MHz across multiple bands. This includes the leftover spectrum from FY23 auctions, the one which is getting expired in FY24, and the spectrum which has been surrendered by companies.

West Bengal presents Budget for FY24 (Source: Government of West Bengal): Highlights:

- The state expects revenue receipts to surge 13.5% y/y to 2.36 (FY24BE vs. FY23RE), based on increases in the state's tax and non-tax revenues
- Total expenditure would be Rs. 3.66 trn, a rise of 11.3% y/y (FY24BE vs. FY23RE), with a 17.4% rise in capex, while revenue expenditure is set to rise by 13.1%. The latter will remain dominant in absolute terms at ~3/4th the total expenditure. The government hiked DA for state employees by 4%
- Fiscal deficit for FY25BE would be at 682.5 bn (3.63% of GSDP), higher as against 3.49% for FY24RE
- Further, the state nominal GSDP is expected to rise by 10% to 18.8 trn (FY25BE over FY24RE)

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