

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.52	-4
US 2Y*	4.90	-3
Germany 10Y	2.36	-10
UK 10Y	4.14	-6
Japan 10Y	0.84	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.06% GS 2028*	7.15	6
7.18% GS 2033* (10Y)	7.18	7
7.18% GS 2037*	7.20	5
91-day T-bill	6.87	0
182-day T-bill	7.03	0
364-day T-bill	7.05	0

Source: CCL, RBI, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	80	34	27	58
AA	138	93	96	133
A	323	280	283	320

Source: FIMMDA, as on 10 Apr, 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	124.5	6.56
Triparty Repo	3,807.4	6.52
Market Repo	1,848.2	6.47
Repo in corporate bond	8.3	6.87

Source: RBI, as of 12 Apr, 2024

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	74,244	-1.1
NIFTY	22,519	-1.0
NASDAQ	16,175	-1.6
S&P 500	5,123	-1.5
Nikkei 225	39,523	-0.1
Euro Stoxx 50	4,955	-0.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	90.5	0.0
Natural gas Nymex (USD/MMBtu)	1.8	0.6
Gold Comex (USD/t oz.)	2,374.1	-1.4
Copper Comex (USD/lb)	425.9	-0.5
Wheat cbot (USD/bu.)	570.8	0.9

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	83.42	0.3
GBP/ INR	104.07	-0.5
EUR/ INR	88.89	-0.5
EUR/USD	1.06	-0.8
DX Index	106.01	0.7

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: WPI Mar'24, Trade Balance Mar'24; **US:** Retail Sales Mar'24

News:

Domestic:

Consumer inflation falls to 10-month low in Mar'24 (Source: BS): CPI fell to 4.85% y/y in Mar'24, from 5.09% y/y in Feb'24, driven by a continued deceleration of core inflation to 3.25% y/y in Mar'24. CFPI remained high to 8.5% y/y due to elevated prices of cereals, vegetables, and eggs in Mar'24, though easing from 8.7% y/y in Feb'24. Notably, divide in rural inflation, at 5.45% y/y, and urban inflation, at 4.14% y/y, widened to a 23-month high of 1.31 pp in Mar'24.

Industrial production surges on manufacturing boost (Source: CNBC-TV 18): IIP rose by 5.7% y/y in Feb'24, despite a high base, (Jan'24: 3.8% y/y). Mining surged by 8% y/y in Feb'24, manufacturing at 5% y/y. and electricity at 7.5% y/y. Within manufacturing, handsome growth was shown by other transport equipment, furniture, and fabricated metal products. As per use-based classification, excellent traction was seen in consumer durables. For 11MFY24, IIP stands at 5.9% y/y, boosted by mining activity.

Union invokes extraordinary provisions to meet anticipated demand for electricity in summer (Source: BS, FE, PIB):

- Invoking Section 11 provisions, all gas-based power plants have been ordered to operationalize between 1 May'24- 30 Jun'24 to meet peak summer demand. Further, the mandate for imported coal-based power plants to operate at full capacity has been extended till 15 Oct'24
- The government has also called for planned maintenance of power plants to be shifted to monsoon season, speeding up of capacity additions, reduction in partial outages of thermal plants, shifting of hydro generation to peak hours, and surplus power offers in energy exchange
- Accordingly, the government has asked surplus power with captive generators to be utilized. According to media sources, Union has also set a target of producing 170 mn tonnes of coal from captive and commercial coal blocks in FY25, higher by ~15% y/y

Vehicle wholesales show robust growth in FY24 (Source: BS): Vehicle wholesales across all categories rose by 12.5% y/y in FY24 to 23.85 mn units. Notably, PV wholesales rose by 8.4% y/y to 4.2 mn units in FY24, while 2W wholesales rose by 13.3% y/y to 17.97 mn units.

Moody's reaffirms sovereign rating (Source: BS): Moody's has affirmed India's outlook at Baa3 and P-3. It noted strong economic fundamentals, improving fiscal metrics, infra development and digitalization as tailwinds offset by upside risks to inflation and debt affordability.

G-Sec auctions conducted successfully (Source: RBI): 7.32% GS 2030 worth Rs. 110 bn were auctioned against a notified amount of Rs. 110 bn at a cut-off yield of 7.192%. New GS 2039 worth Rs. 100 bn were auctioned against a notified amount of Rs. 100 bn at a cut-off yield of 7.23%. 7.30% GS 2053 worth Rs. 90 bn were auctioned against a notified amount of Rs. 90 bn at a cut-off yield of 7.2946%.

International:

US and UK impose restrictions on trading Russian metals (Source: Bloomberg): US and UK have prohibited metal-trading exchanges from accepting new aluminium, copper and nickel produced by Russia and barred imports of these metals in the respective countries.

China keeps MLF rate unchanged, drains cash (Source: Reuters): China left the medium-term lending facility (MLF) rate steady at 2.5% as expected amid shaky economic recovery. With CNY 170 bn worth of LMF loans set to mature in Apr'24, the decision resulted in withdrawal of CNY 70 bn from banking system.

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Credit expansion in China remains weak (Bloomberg): Increment in aggregate social financing fell 11% y/y to CNY 12.93 trn. Outstanding aggregate financing rose 8.7% y/y in Mar'24 to CNY 390 trn, slowing from 9% y/y seen in Feb'24, its slowest pace on record. Increment in CNY denominated loans fell by 11% y/y to CNY 9.46 trn in Mar'24.

China's trade balance narrows more than expected on weak exports (Source: CNBC): China's trade balance stood at USD 58.6 bn in Mar'24, below expected USD 70.2 bn, down from Feb'24. Exports fell by 7.5% y/y in Mar'24, , while imports fell 2% y/y in Mar'24.

US Fed officials comfortable with current level of policy rate to combat bumpy inflation (Source: Reuters, ForexLive):

- Ms. Daly said that a strong labour market and less than expected declines in inflation suggest that there's no urgency to adjust policy rates. This was agreed to by Mr. Schmid
- Mr. Goolsbee interjected that US is in an environment of cross currents, as last mile disinflation remains harder than expected with stubborn shelter inflation, while crisis in Middle East could flare up oil prices. This was seconded by Mr. Bostic
- Ms. Collins is optimistic of taming inflation, albeit at a slower pace, amidst high wage growth as policy remains moderately restrictive. She stated that the base case is for 2 rate cuts in CY24 but doesn't fully rule out a rate hike scenario

Iran launches drone and missile attack on Israel (Source: WSJ): Geopolitical turmoil rages in Middle East as Iran launched over 300 drones and cruise missiles on Israel in response to a suspected Israeli attack on Iranian diplomats in Syria, of which 99% of projectiles were shot down by Israel and US.

World oil demand growth set to lose momentum (Source: IEA): World oil demand growth is set to slow to 1.2 mbpd in CY24 (prev.: 1.3 mbpd), which is further set to slow to 1.1 mbpd in CY25. World oil supply is forecast to rise by an unchanged 770 kbpd to 102.9 mbpd in CY24 due to cuts by OPEC+ producers, while rising by 1.6 mbpd in CY25.

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