Today’s Key Macro Events:

Germany: Trade balance Feb’24; Philippines: Policy rate

News:

Domestic:

RBI holds rates and stance steady (Source: RBI): Highlights of Apr’24 MPC:
- Repo rate and stance remain unchanged at 6.50% and withdrawal of accommodation by 5-1 votes, respectively. No change in other key rates such as MSF, SDF, CRR, and SLR.
- Real GDP growth is projected at 7% y/y for FY25, with Q1FY25 at 7.1% (prev: 7.2%), Q2FY25 at 6.9% (prev: 6.8%), Q3FY25 at 7.0% (prev: 7.0%) and Q4FY25 at 7.0% (prev: 6.9%), indicating sustained momentum.
- FY25 CPI projection remains at at 4.5% y/y, while quarterly trajectory has been brought down.
- A scheme will be implemented to facilitate non-resident participation in SGrBs, enhancing their investment and trading opportunities in the IFSC. Further, there will be a review of the LCR framework.

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

Consumer confidence at 4-year high as per RBI survey (Source: RBI): Consumer confidence for the current period increased by 3.4 points to 98.5 as sentiments on general economic situation and employment prospects recorded improvements.

Gross FDI of USD 100 bn under works (Source: Business Today): DPIIT Secretary unveiled India’s bold plan to attract a minimum of USD 100 bn in gross FDI annually. This target marks a substantial increase from the average FDI of over USD 70 bn per year in the previous five years up to Mar’23.

Steel imports surge in FY24, as India is a net importer (Source: THB): Steel trade balance raised concerns, led by domestic demand driving surging imports. Steel imports shot up by 38% y/y to 8.3 mn tonne in FY24, while exports grew by 12% y/y to 7.5 mn tonne.

G-sec and VRRR auctions concluded successfully (Source: RBI):
- 7.33% GS 2026 worth Rs. 60 bn were auctioned (notified: Rs 60 bn) at a cut-off yield of 7.0711%. New GS 2034 worth Rs. 200 bn were auctioned (notified: Rs 200 bn) at a cut-off yield of 7.10%. 7.25% GS 2063 worth Rs. 120 bn were auctioned (notified: Rs 120 bn) at a cut-off yield of 7.2288%.
- A 14-day VRRR worth Rs. 55.11 bn were auctioned against a notified amount of Rs. 1.25 trn at a cut-off yield of 6.49%.

International:

US payrolls beat expectations; wages increase steadily (Source: BLS): Nonfarm payrolls increased by 303k jobs in Mar’24 (estimate: 212k), while data for Feb’24 was revised slightly lower to 270k jobs. Further, unemployment rate remained unchanged at 3.8%, while average hourly wages increased by 4.1% y/y.

US Fed members remain concerned of upside risks to inflation (Source: Reuters, CNBC):
- Ms. Logan said that she remained concerned about the upside risks to inflation and added that it was too soon to think about rate cuts.
- While Ms. Bowman said that she continues to see upside risks to inflation, and additional rate hike could be needed if inflation stays high.

Global concerns growing over China’s excess manufacturing: Yellen (Source: Reuters): US Treasury Secy. Ms. Yellen added that overproduction is not healthy for China and is hurting producers globally, urging it to shift away from state-driven investment and return to the market-oriented reforms.

China to give USD 69 bn in loans to boost technology (Source: Bloomberg): PBoC is setting up a relending program of USD 69 bn to support innovation and project upgrades. The loans will have an interest rate of 1.75% and a tenor for one year.
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