

## **WEEKLY ROUND UP (08<sup>th</sup> April 2024)**

### **Roundup of key domestic / global economic developments during the previous week**

(Dates of International events have been shown as per Indian Standard Time)

- On Friday, 05<sup>th</sup> April 2024 (10.00 AM IST), RBI Governor announced that the **MPC decided to keep the repo rate unchanged at 6.50%** <https://tinyurl.com/49c2j9vp>
- **GST Revenue Collection** in March 2024 was **Rs. 178484 crore** (11.50% YoY growth) <https://tinyurl.com/yc6j3d2z>
- **US Non-Farm Payrolls** for March 2024 showed a **303k change**.
- **US Unemployment Rate** for March 2024 came in at **3.8%**.
- On Wednesday, 03<sup>rd</sup> April 2024, the US EIA released its weekly crude oil inventory data for the **week ended 29<sup>th</sup> March 2024**. Inventory **went up by 3.21 million barrels**. The current crude oil inventory is **451.417 million barrels** <https://tinyurl.com/y3efgzno>

### **RBI Watch**

- Monetary Policy Statement, Resolution of the MPC (April 03<sup>rd</sup> 2024 to April 05<sup>th</sup> 2024) <https://tinyurl.com/4h6w9a9z>
- RBI's Statement on Developmental and Regulatory Policies <https://tinyurl.com/59734z4w>
- Result of the 3-day Variable Rate Reverse Repo (VRRR) auction for Rs. 100000 crore held on 02<sup>nd</sup> April 2024 <https://tinyurl.com/yc4ky2bw>
- Result of the Second 3-day Variable Rate Reverse Repo (VRRR) auction for Rs. 50000 crore held on 02<sup>nd</sup> April 2024 <https://tinyurl.com/a3ksdvw2>
- Result of RBI's sale auction for Rs. 16100 crore of State Government Securities (7 states) held on Tuesday, 02<sup>nd</sup> April 2024 <https://tinyurl.com/48mbnw7k>
- Result of the 2-day Variable Rate Reverse Repo (VRRR) auction for Rs. 125000 crore held on 03<sup>rd</sup> April 2024 <https://tinyurl.com/pmzn99ks>
- Result of the Second 2-day Variable Rate Reverse Repo (VRRR) auction for Rs. 125000 crore held on 03<sup>rd</sup> April 2024 <https://tinyurl.com/yun7y3d8>
- Result of Treasury Bill auction for Rs. 27000 crore held on Wednesday, 03<sup>rd</sup> April 2024 <https://tinyurl.com/y4r8aj9y>
- Result of the Overnight Variable Rate Reverse Repo (VRRR) auction for Rs. 100000 crore held on 04<sup>th</sup> April 2024 <https://tinyurl.com/4sw4z68u>
- Result of the 14-day Variable Rate Reverse Repo (VRRR) auction for Rs. 125000 crore held on 05<sup>th</sup> April 2024 <https://tinyurl.com/55wekjhr>
- Result of RBI's sale auction of Rs. 38000 crore, for three Government of India securities, held on Friday, 05<sup>th</sup> April 2024 <https://tinyurl.com/53ytn9nm>
- Upcoming RBI's sale auction for Rs. 6500 crore of State Government Securities (3 states) to be held on Monday, 08<sup>th</sup> April 2024 <https://tinyurl.com/25rre8ck>

### **Upcoming developments this week**

- On Friday, 12<sup>th</sup> April 2024 (05.30 PM IST), India's Consumer Price Index (CPI) data for March 2024 is likely to be released (consensus estimate 4.9% YoY change).
- On Friday, 12<sup>th</sup> April 2024 (05.30 PM IST), India's Index of Industrial Production (IIP) data for February 2024 is likely to be released (consensus estimate 6.00% YoY change)
- On Wednesday, 10<sup>th</sup> April 2024 (06.00 PM IST), US Inflation rate data is scheduled to be released (consensus estimate 3.4% YoY change, Core Inflation 3.7% YoY change).

- On Thursday, 11<sup>th</sup> April 2024 (05.45 PM IST), the ECB is expected to announce its interest rate decision. (Consensus opinion is that the key interest rate would remain unchanged at 4.5%).

### RBI Key Rates

Repo rate	6.50%
Marginal Standing Facility rate (MSF)	6.75%
Standing Deposit Facility rate (SDF)	6.25%
Reverse Repo rate	3.35%
CRR	4.50%
SLR	18.00%

### Key Market Data

Data Item	Closing values for previous week ended 05 <sup>th</sup> April 2024	Previous Week's Range
# Indian 10-year GOI yield	7.1170%	7.075% - 7.121%
US 10-year yield	4.40%	4.188% - 4.406%
Brent Crude futures price	\$90.92	\$86.40 - \$91.91
USDINR Currency futures	Rs. 83.293	Rs. 83.241 – Rs. 83.585

**# 7.18% GS 2033**

### Key Economic Data

Economic Data item	Previous	Estimated / Projected
GDP (annual growth rate)	Q3 FY24 8.4% YoY growth	7.6% Real GDP growth for FY24 (NSO estimate)
IIP	3.80% YoY (January 2024)	
Inflation numbers (CPI)	5.09% YoY (February 2024)	5.4% for FY24 – RBI estimate
Wholesale Price Index (WPI)	0.20% YoY (February 2024)	
GST collections	<b>Rs 1,78,484 crore (in Mar 2024)</b>	
Fiscal Deficit (% of GDP)	Rs. 15,01,365 crore for Apr – Feb FY24 (86.5% of FY24 estimate)	Rs. 17,34,773 crore for FY24 (5.8% of FY24 GDP)
Current account balance	Q3 FY24 Current Account Deficit (CAD) is \$10.5 bn (1.2% of GDP)	
Foreign Exchange Reserves	<b>\$645.583 bn (29<sup>th</sup> Mar 2024)</b>	

### Non SLR Watch (for week ended 05<sup>th</sup> April 2024)

Segment	Annualised YTM (in %)	Spread over G-Sec (basis pts)
AAA PSU 10 Year	7.34 – 7.59	11 – 35
AAA PSU 5 Year	7.45 – 7.62	26 – 43
AAA NBFC 10 year	7.70 – 7.71	45 – 47

**TECHNICAL OUTLOOK ON THE INDIAN 10 YEAR GOI (Weekly Chart) 05/04/2024 (7.12%)**



The Indian 10-year benchmark yield recorded a peak of 7.62% in June 2022. Post the peak, the benchmark yield drifted downward to a low of 6.94% in May 2023. During the downward drift, benchmark yield moved below the key 20 week Wilders moving average in April 2023. The weekly MACD, too, moved into negative territory. However, when the weekly MACD, again, moved into positive territory, the 7.36% level (the 61.8% retracement level of the entire fall from 7.62% to 6.94%) had capped the rise in yields.

The benchmark yield is, now, placed below the 20 week Wilders moving average (current value is 7.16%). The weekly MACD is in negative territory. However, the 7.11% - 7.12% zone was tested last week even as the benchmark yield moved past the immediate demand level of 7.09%. In the near term, the 7.16% level assumes importance. If yields stay below 7.16%, the Benchmark Yield is likely to trade between 7.16% and 7.01% for a few weeks.

Brent Crude futures made a low of \$16 in April 2020. It then rallied to a high of \$137 in March 2022. Brent Crude futures have been in a corrective phase since then with a low of \$68 in May 2023 and a slightly higher low of \$72 in December 2023. Last week, Brent Crude prices sustained above the immediate resistance of \$85. As a result, prices have moved higher towards the next resistance of \$94.

In recent weeks, the USDINR futures have moved well beyond Rs. 83 and even made a new high for the USD at Rs. 83.73. This has negated the potential weakness in the USD. For weakness in the USD / strength in the INR, a decisive move below Rs. 82.80 is required. The USDINR may again remain in a trading range above Rs. 83.

After registering a peak of 15.84% in October 1981, US 10-year yields remained in a lower-top, lower-bottom formation and made a low of 0.40% in March 2020. The up move from the March 2020 low of 0.40% appears to be part of a larger trend reversal. Thus, US 10-year yields may stabilise at elevated levels in the coming months / years.

After remaining in a trading range between 3.92% (the 61.8% retracement level of the rise in yields from the April 2023 low of 3.25% to the October 2023 high of 5.00%) and 4.33% for several weeks, the US Benchmark yield moved past 4.33% last week. US Benchmark yield is likely to rise further to 4.54%.

From the May 2021 low of 89.54, the Dollar Index embarked on a rise that culminated in September 2022 at 114.78. The Dollar Index then had a sharp fall which resulted in a low of 99.58 in July 2023. The 61.8% Fibonacci retracement level of the rise from 89.54 to 114.78 is 99.18, thereby making the July 2023 of 99.58 a crucial low. The subsequent sharp rally ended in October 2023 at 107.35 and the Dollar Index fell to 100.62 in December 2023. Thus, the Dollar Index is finding strong support in the 100 – 101 zone. The next rally in the Dollar Index faltered in February 2024 & in April 2024 nearabout the key level of 104.81. Await a decisive close above Rs, 104.81 or a fall below the March 2024 low of 102.36.

For several weeks, the Indian 10-year benchmark yield (7.18% GS 2033) is trading below its critical 20 week Wilders moving average (currently at 7.16%). However, the yield has moved past the immediate demand level of 7.09% and is placed at the 7.11% - 7.12% demand zone. If 7.12% is overhauled, 7.16% would become the next crucial level for the Indian benchmark yield.

**KEY LEVELS TO WATCH:**

**Indian Benchmark Yield (7.18% GS 2033)**

**DEMAND LEVELS: 7.12%, 7.16%, 7.21%, 7.30%, 7.36%**

**SUPPLY LEVELS: 7.09%, 7.02%, 6.94%**

**US Benchmark Yield**

**DEMAND LEVELS: 4.54%**

**SUPPLY LEVELS: 4.33%, 3.92%, 3.63%**

**Brent Crude**

**DEMAND LEVELS: \$85, \$73, \$70**

**SUPPLY LEVELS: \$90, \$94**

**USDINR**

**SUPPLY LEVELS for INR: Rs. 83.30, Rs. 82.85, Rs. 82.35, Rs. 81.15**

**DEMAND LEVELS for INR: Rs. 84.54, Rs.85.74**