

### Economic Indicator

Particulars	08 Sept-23	01Sept-23	Change
5 Year Indian Govt. Bond (%)	7.21	7.16	0.05
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.18	7.14	0.04
15 Year Indian Govt. Bond(%)	7.28	7.24	0.04
Call Money Market (%)	6.08	6.3	-0.22
Brent Crude Oil (in Dollar/barrel )	90.65	88.99	1.66
US 10 Year Treasury (%)	4.26	4.18	0.08
UK 10 Year Treasury (%)	4.43	4.43	-
Rupee Vs Dollar	83.13	82.72	0.41
FOREX Reserves with RBI (in Dollar/bn)	598.9	594.86	4.04

### Policy Rates

Repo Rate	6.50%
Standing Deposit Facility Rate	6.25%
CRR	4.50%
Reverse Repo Rate	3.35%

— Adverse + Favour

(Source: Bloomberg/www.rbi.org.in )

DATA	June 2023 (released on 14-Aug-2023)	May 2023 (released on 12-June-2023)	Change
CPI DATA (%) (Monthly)	7.44%	4.81%	2.63

DATA	May 2023 (released on 11-Aug-2023)	April 2023 (released on 12-July-2023)	Change
IIP DATA (Monthly)	3.7	5.2	1.50



### Yield Outlook for the week

The Indian 10 year Benchmark (7.18% GS 2033) likely to move in the range of 7.15% to 7.19%  
(GEPL Capital Research)

### Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	08-Sept-23	01-Sept-23	Change
7.26% GOI 2033	28-Sept-2023	39414	34838	4576

IRF PRICE (w.o.w)				
Security	Contract	08-Sept-23	01-Sept-23	Change
7.26% GOI 2033	28-Sept-2023	100.26	100.50	0.24

(GEPL Capital Research)

### Auction Scheduled For The Week

Date	Instru-ment	Expected Security	Nature of Flow	Amount (Cr)
12-Sept-23	SDL	10 States	Auction	15100
13-Sept-23	T-Bills	91 DTB	Auction	10000
13-Sept-23	T-Bills	182 DTB	Auction	8000
13-Sept-23	T-Bills	364 DTB	Auction	6000
15-Sept-23	G-Sec	7.17% GS 2030	Auction	7000
15-Sept-23	G-Sec	7.18% GS 2037	Auction	12000
15-Sept-23	G-Sec	7.25% GS 2063	Auction	12000

(Source: www.rbi.org.in)

### Government Security Market Update:

The market taken a move after the Reserve Bank of India is seeking feedback from market participants on settling bond trades on the Euro clear platform. The new 10-year benchmark yield dropped to 7.14 percent and was heading towards 7.10 percent but couldn't as after the weekly auction result the market corrected and yield head towards 7.18%. Euro clear settlement are expected to expand the foreign investor base for Indian debt and facilitate the listing of securities on global bond indices. Overseas investors had stepped up purchases of government bonds in August, ahead of JP Morgan's review for a possible index inclusion, which is expected next month. Indian bond yields have risen in recent sessions, tracking U.S. yields and oil prices and amid concerns over domestic inflation staying elevated. The 10-year U.S. yield hit 4.30% in Asian trading hours, while the benchmark Brent crude oil contract stayed above the \$90-per-barrel mark amid supply shortage concerns. In a weekly auction the Reserve Bank of India sold 7.06% GS 2028; 7.18% GS 2033 & 7.30% GS 2053 at a yield of 7.1878; 7.1575 & 7.3419 percent respectively. The twelve states sold 8-20 years loans in the range of 7.40 to 7.47% and in the Treasury bill auction the cut-off for 91: 182 & 364 DTB set at a yield of 6.8001; 7.0243 & 7.03 percent respectively. The yield on the 7.18% Government bond due August 2033 rose to 7.1774% from last week level of 7.1390% .

### Global Debt Market Update:

The yield on the U.S. 2-year Treasury note inched higher on Friday as investors assessed the possibility of further interest rate hikes following the release of strong economic data. The 2-year Treasury yield rose nearly 4 basis points to 4.993%. The yield on the 10-year Treasury was flat at 4.262%. Fears of more rate hikes have mounted this week as several economic data points suggested sustained inflationary pressures and tightness in the labour market. This included initial weekly jobless claims data that came in below expectations. Cooling the labour market has been a key aim for the Federal Reserve alongside easing inflation. The central bank has followed a restrictive monetary policy approach since early 2022, implementing a series of rate hikes to tamp down sticky prices. The prospect of more hikes, or elevated rates for longer, has fuelled concerns of a potential economic downturn. While markets widely expect the Fed to leave rates unchanged at its September meeting, expectations for a November rate hike have been on the rise, with traders pricing in a roughly 42% chance.

### Bond Market Ahead:

The market likely to witness weakness on Monday as the U.S. Treasury yields inched higher and investors will wait for the key data CPI inflation for India & US to be released this week. U.S. yields rose, with the 10-year rate at 4.29% amid fears that interest rates will remain higher for longer. Even though the U.S Federal Reserve is not expected to hike rates next week, the odds of a hike in November are nearly 50%. Crude oil prices also remained elevated, with the benchmark Brent contract staying above the \$90 per barrel. India's retail inflation data is due after on September 12 after the market hours while the U.S. inflation data is due on Wednesday. India's retail inflation will likely to ease in August from a 15-month high in July but hold above the upper band of the Reserve Bank of India's 2-6% target range for a second month of poll found. Retail CPI for August likely to accelerate to 7 to 7.10 from 7.44 percent in July. Companies storming the bond market at record-breaking pace made one thing clear: They don't expect rates to stay elevated for long. More than \$110 billion in bonds sold globally this week, the busiest start to September on record, with issuance heavily skewed to debt due in under 10 years. Prospects of a soft landing in the US and hopes that central banks will soon be able to slow their tightening campaigns make longer-dated debt more attractive to investors. But companies are instead opting to borrow for shorter periods, hoping the money will get cheaper soon.

### Bond Strategy:

- Buy 7.18% GS 2037 around 7.29 to 7.30 with a target of 7.24% and a stop loss of 7.32%.
- Buy 7.18% GS 2033 around 7.19 to 7.20 with a target of 7.15% and a stop loss of 7.22%.
- Buy 7.06% GS 2028 around 7.22 to 7.23 with a target of 7.18 % and a stop loss of 7.25%  
(Bloomberg, GEPL Capital Research)

### Economic Calendar

DATA	DATE
Malaysian IIP Data	11, Sept,23
Italian IIP Data	11, Sept,23
German WPI Data	12, Sept,23
Spanish CPI Data	12, Sept,23
Portuguese CPI Data	12, Sept,23
U.S OPEC Monthly Report	12, Sept,23
Brazil CPI Data	12, Sept,23
India's IIP & CPI Data	12, Sept,23
GBP IIP & GDP Data	13, Sept,23
Hong Kong IIP Data	13, Sept,23
US CPI Data	13, Sept,23
Swedish CPI Data	14, Sept,23
India's WPI Data	14-Sept,23
ECB Interest Rate Decision	14, Sept,23
U.S Jobless claims	14, Sept,23
Fed's Balance Sheet	15, Sept,23
Chinese IIP Data	15, Sept, 23
French CPI Data	15, Sept, 23
Italian CPI Data	15, Sept, 23

(Source: Bloomberg)

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