

## Economic Indicator

Particulars	15 Sept-23	08 Sept-23	Change
5 Year Indian Govt. Bond (%)	7.18	7.21	-0.03
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.16	7.18	-0.02
15 Year Indian Govt. Bond(%)	7.28	7.28	-
Call Money Market (%)	6.2	6.08	0.12
Brent Crude Oil (in Dollar/barrel )	94.27	90.65	3.62
US 10 Year Treasury (%)	4.33	4.26	0.07
UK 10 Year Treasury (%)	4.41	4.43	-0.02
Rupee Vs Dollar	83.1	83.13	-0.03
FOREX Reserves with RBI (in Dollar/bn)	593.90	598.9	5.00

## 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	Aug 2023 (released on 12-Sept-2023)	July 2023 (released on 14-Aug-2023)	Change
CPI DATA (%) (Monthly)	6.83%	7.44%	-0.61

DATA	July 2023 (released on 12-Sept-2023)	June 2023 (released on 11-Aug-2023)	Change
IIP DATA (Monthly)	5.7	3.7	2.0



## Yield Outlook for the week

The Indian 10 year Benchmark (7.18% GS 2033) likely to move in the range of 7.12% to 7.20%  
(GEPL Capital Research)

## Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	15-Sept-23	08-Sept-23	Change
7.26% GOI 2033	28-Sept-2023	41685	39414	2271

IRF PRICE (w.o.w)				
Security	Contract	15-Sept-23	08-Sept-23	Change
7.26% GOI 2033	28-Sept-2023	100.45	100.26	0.19

(GEPL Capital Research)

## Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
18-Sept-23	G-Sec	GOI FRB, 2024 to 6.68% GS 2031; GOI FRB, 2024 to 7.40% GS 2035; GOI FRB, 2024 to 7.57% GS 2033; 7.72% GS 2025 to 8.32% GS 2032; 8.20% GS 2025 to 9.20% GS 2030; 8.33% GS 2026 to 8.32% GS 2032; 8.15% GS 2026 to 6.80% GS 2060; 8.24% GS 2027 to 6.80% GS 2060;	Conversion	18000
20-Sept-23	T-Bills	91 DTB	Auction	10000
20-Sept-23	T-Bills	182 DTB	Auction	8000
20-Sept-23	T-Bills	364 DTB	Auction	6000
22-Sept-23	G-Sec	7.06% GS 2028	Auction	8000
22-Sept-23	G-Sec	7.18% GS 2033	Auction	14000
22-Sept-23	G-Sec	7.30% GS 2053	Auction	11000

(Source: www.rbi.org.in)

## Government Security Market Update :

The Indian government bonds advanced after the report shows the retail inflation for August fell to 6.83% from an expectations of 7.10% and the Reserve Bank of India made some changes in the investment holding of the commercial banks and allowed corporate bonds to be counted in the HTM category of the portfolio. The new 10-year benchmark 7.18% GS 2033 dropped to 7.10% and advanced towards 7.17% by the closing on Friday. India's one- and five-year overnight index swap rates dropped six basis points each on Thursday as U.S. 10-year yield fell to 4.2327% from its high of 4.35% on Wednesday. The crude oil prices edged higher on Thursday after dipping slightly in the previous session, as markets refocused on expectations of tight crude supply for the rest of 2023. Earlier during the week 10 states sold 10-30 years loan in the range of 7.43 to 7.48% and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.8474; 7.0494 & 7.0599 percent respectively higher than the previous week as the liquidity got tight on account of the advance tax outflow. In a weekly auction the RBI sold 7.17% GS 2030; 7.18% GS 2037 & 7.25% GS 2063 at a yield of 7.1490; 7.2525 & 7.3233 percent respectively. The yield on the 7.18% Government bond due August 2033 rose to 7.1644% from last week level of 7.1774% .

## Global Debt Market Update:

U.S. Treasury yields edged higher on Friday, with the two-year above the 5% threshold, as futures price in higher rates for longer ahead of a Federal Reserve policy meeting next week that faces a strong U.S. economy with inflation that's still above target. Consumers expect inflation to subside in the coming year as seen in a University of Michigan report that showed consumers' 12-month inflation expectations fell to 3.1% in September, the lowest since March 2021, from 3.5% last month. Import prices declined 3.0% through August on a 12-month basis after decreasing 4.6% the prior month as annual import prices notched their seventh straight monthly drop, the Labor Department said. The two-year Treasury yield, which reflects interest rate expectations, rose 1.6 basis points to 5.030 %, while the benchmark 10-year yield was up 2.8 basis points at 4.318. The consumer price index for August, which was published Wednesday, reflected a 0.6% rise in August and a 3.7% increase year over year. The annual figure was 0.1% above estimates. Also on Thursday, retail sales data came in far stronger than expected at 0.6% for August, higher than the previously anticipated 0.1%, suggesting consumer resilience.

## Bond Market Ahead:

The market will keenly look after the Fed movement on interest rates when they will present the monetary policy on September 20, 2023. Market expects the Fed to keep the rates unchanged at 5.25 – 5.50 per cent. However, the economic and interest rate projections, to be released this week will be very important to watch. If the projections show more rate hikes than their earlier forecast, then the US Treasury yields can surge and the dollar index can move further higher. The US 10-year Treasury yield resistance is placed at 4.20 percent and immediate support is placed at 4.35% and a break above can take the yield towards 4.50% in the short term. A strong fall below 4.20% will pull the yield down to 4.05%. Foreign investors have increased their holdings of Indian government bonds that have no ownership restrictions to just under a record \$12 billion amid expectations of domestic bonds' inclusion in global indexes. The pace of purchases picked up in August after a sell-off provided attractive entry points and due to renewed expectations of the country's debt being included in global bond indexes. These expectations gathered steam after the Reserve Bank of India sought market feedback about settlements via the Euroclear platform.

JPMorgan's review on including Indian bonds on its index is due by early October, while the FTSE's is due this month.

## Bond Strategy:

- Buy 7.18% GS 2037 around 7.30 to 7.31 with a target of 7.23% and a stop loss of 7.35%.
- Buy 7.18% GS 2033 around 7.19 to 7.20 with a target of 7.12% and a stop loss of 7.24%.

(Bloomberg, GEPL Capital Research)

## Economic Calendar

DATA	DATE
RBA Interest Rate Decision	19, Sept,23
Canada CPI Data	19, Sept,23
GBP CPI Data	20, Sept,23
South African CPI Data	20, Sept,23
Fed Interest Rate Decision	20, Sept,23
Brazil Interest Rate Decision	21, Sept,23
New Zealand GDP Data	21, Sept,23
Hong Kong Interest Rate Decision	21, Sept,23
Philippines Interest Rate Decision	21, Sept,23
Swedish IIP Data	21, Sept,23
Hong Kong CPI Data	21, Sept,23
BoE Interest Rate Decision	21, Sept,23
U.S Jobless Claims	21-Sept,23
Malaysian CPI Data	22, Sept,23
Singapore CPI Data	22, Sept,23
Spanish GDP Data	22, Sept,23

(Source: Bloomberg)

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