



Economic Indicator

Particulars	10-Nov-23	03-Nov-23	Change
5 Year Indian Govt. Bond (%)	7.27	7.3	0.03
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.3	7.31	0.01
15 Year Indian Govt. Bond(%)	7.4	7.42	0.02
Call Money Market (%)	6.7	6.7	-
Brent Crude Oil (in Dollar/barrel)	81.43	85.23	3.8
US 10 Year Treasury (%)	4.63	4.58	-0.05
UK 10 Year Treasury (%)	4.34	4.29	-0.05
Rupee Vs Dollar	83.3	83.18	-0.12
FOREX Reserves with RBI (in Dollar/bn)	586.11	586.11	-

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	Sept 2023 (released on 12-Oct -2023)	Aug 2023 (released on 12-Sept -2023)	Change
CPI DATA (%) (Monthly)	5.02%	6.83%	-1.81

DATA	Sept 2023 (released on 12-Oct -2023)	Aug 2023 (released on 12-Sept -2023)	Change
IIP DATA (Monthly)	5.8	10.3	4.5



Yield Outlook for the week

The Indian 10 year Benchmark (7.18% GS 2033) likely to move in the range of 7.26% to 7.32%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	10-Nov-23	03-Nov-23	Change
7.18% GOI 2033	30-Nov-2023	25537	30691	-5154

IRF PRICE (w.o.w)				
Security	Contract	10-Nov-23	03-Nov-23	Change
7.18% GOI 2033	30-Nov-2023	99.10	98.96	0.14

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instru-ment	Expected Security	Nature of Flow	Amount (Cr)
13-Nov-23	SDL	7 States	Auction	12500
15-Nov-23	T-Bills	91 DTB	Auction	7000
15-Nov-23	T-Bills	182 DTB	Auction	8000
15-Nov-23	T-Bills	364 DTB	Auction	9000
17-Nov-23	G-Sec	7.37% GS 2028	Auction	7000
17-Nov-23	G-Sec	7.18% GS 2033	Auction	13000
17-Nov-23	G-Sec	7.30% GS 2053	Auction	10000

(Source: www.rbi.org.in)

Government Security Market Update :

Indian government bond yields moved higher in early trade on Friday as traders geared up for a fresh debt sale, while a bounce back in U.S. Treasury yields also weighed on sentiment. U.S. bond yields rose on Thursday after hawkish remarks from Federal Reserve Chair Jerome Powell, suggesting that the central bank may not be done hiking interest rates just yet. The 10-year U.S. yield moved back above the 4.60% mark, after briefly slipping below 4.50% on Thursday. Meanwhile, oil prices stayed lower on worries over waning demand. The benchmark Brent crude contract was below \$80 per barrel, hovering around its lowest levels in over three months. The government sold Rs.39,000 crore of the securities on Friday & the auction includes 120 billion rupees of a new seven-year paper and 50 billion rupees of five-year green bonds. The Reserve Bank of India set the cut-off for New GS 2030 & New GOI Green bond at a yield of 7.32 & 7.25% respectively and also sold 7.18% GS 2037 & 7.25% GS 2063 at a yield of 7.4024 & 7.4820 percent respectively. During the week thirteen states sold 7-27 years loan in the range of 7.58 to 7.79% and in the Treasury bill auction the RBI set cut-off for 91; 182 & 364 DTB at a yield of 6.9221; 7.1068 & 7.1489% respectively.

The yield on the 7.18% Government bond due August 2033 fell to 7.2992% from last week level of 7.3140%

Global Debt Market Update:

The U.S. 10-year Treasury was up by 13 basis point at 4.636%. The 2-year Treasury yield rose by nearly 9 basis points to trade at 5.033%, topping the closely watched 5% level. The yield on the 30-year Treasury bond popped more than 11 basis points to 4.771% as investors parsed economic data and comments from Federal Reserve officials for clues about what could be on the horizon for the economy. The move higher followed a Treasury auction that saw weak demand. The department sold \$24 billion in 30-year bonds. The sale's bid-to-cover ratio, a measure of demand, was the weakest in roughly two years. Indirect and direct bidders were also at their weakest levels in since 2021. The Fed left interest rates unchanged when it met last week, but the possibility of further interest rate hikes was not taken off the table and Powell noted that rate cuts were not yet being considered.

Bond Market Ahead:

The Indian bond market will take a clue from U.S. inflation data to gauge how well placed are expectations that the Federal Reserve is done with hiking rates, while the market will also depend on local inflation data. The reading at U.S. and India is estimated at 3.30% and 4.80% respectively. Market participants expect the 10-year benchmark to trade in the range of 7.26 to 7.35% in this week and some surprise on retail inflation numbers may drag the yields further. The Fed to pivot sometime in the first half of 2024 and slow down the pace of balance sheet unwinding and eventually start cutting rates by the middle of the next year. The traders will continue to remain focussed on the evolving banking system liquidity and persisting uncertainty regarding the timing of the RBI's first open market sale. Since the RBI announced this move, aimed at absorbing additional cash, the banking system liquidity has largely stayed in deficit, leading to further uncertainty. The tight liquidity likely to be continued till March as the busy season will also see a pickup in credit partly negated by the strong government spending before the general election.

Bond Strategy:

- Buy 7.18% GS 2037 around 7.41 to 7.42 with a target of 7.37% and a stop loss of 7.45%.
- Buy 7.18% GS 2033 around 7.31 to 7.32 with a target of 7.26% and a stop loss of 7.35%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
OPEC Monthly Report	13-Nov-2023
India's CPI Data	13-Nov-2023
India's WPI Data	14-Nov-2023
Spanish CPI Data	14-Nov-2023
Euro GDP Data	14-Nov-2023
U.S CPI Data	14-Nov-2023
Japan GDP Data	14-Nov-2023
China's IIP Data	14-Nov-2023
GBP CPI Data	15-Nov-2023
German WPI Data	15-Nov-2023
French CPI Data	15-Nov-2023
Italian CPI Data	15-Nov-2023
U.S Jobless claims & IIP Data	16-Nov-2023



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