



# Debt Market Watch

## Weekly Newsletter

20th November, 2023

### Economic Indicator

Particulars	17-Nov-23	10-Nov-23	Change
5 Year Indian Govt. Bond (%)	7.21	7.27	0.06
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.22	7.3	0.08
15 Year Indian Govt. Bond(%)	7.33	7.4	0.07
Call Money Market (%)	6.75	6.7	-0.05
Brent Crude Oil (in Dollar/barrel)	80.62	81.43	0.81
US 10 Year Treasury (%)	4.44	4.63	0.19
UK 10 Year Treasury (%)	4.13	4.34	0.21
Rupee Vs Dollar	83.29	83.3	0.01
FOREX Reserves with RBI (in Dollar/bn)	590.32	586.11	-4.21

### 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	Oct 2023 (released on 13-Nov-2023)	Sept 2023 (released on 12-Oct-2023)	Change
CPI DATA (%) (Monthly)	4.87%	5.02%	-0.15

  

DATA	Sept 2023 (released on 10-Nov-2023)	Aug 2023 (released on 12-Oct-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 7.20% to 7.25%.

(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	Instrument	Expected Security	Nature of Flow	Amount (Cr)
20-Nov-23	G-Sec	GOI FRB, 2024 to 8.32% GS 2032; GOI FRB, 2024 to 7.95% GS 2032; GOI FRB, 2024 to 7.57% GS 2033; GOI FRB, 2024 to 7.40% GS 2035; 8.20% GS 2025 to 7.72% GS 2049; 7.59% GS 2026 to 7.40% GS 2035; 5.74% GS 2026 to 6.19% GS 2034; 8.24% GS 2027 to 6.80% GS 2060	Conversion	19000
21-Nov-23	SDL	11 States	Auction	11620
22-Nov-23	T-Bills	91 DTB	Auction	7000
22-Nov-23	T-Bills	182 DTB	Auction	8000
22-Nov-23	T-Bills	364 DTB	Auction	9000
24-Nov-23	G-Sec	7.32% GS 2030	Auction	8000
24-Nov-23	G-Sec	7.18% GS 2037	Auction	10000
24-Nov-23	G-Sec	7.46% GS 2073	Auction	12000

(Source: www.rbi.org.in)

### Government Security Market Update :

The Indian benchmark bond yield posted its biggest single-session drop in two months, following a plunge in U.S. Treasury yields on growing bets that the Federal Reserve may start cutting rates in the first half of 2024. Bond yields have fallen, tracking a sharp down move in the U.S. Treasury yields. The trading range for the Indian benchmark bond yield has also shifted lower to the 7.20%-7.26% band as U.S. yields tumbled. That comes with expectations of a long pause on domestic rates, which was firmed after data showed India's retail inflation eased to 4.87% in October from 5.02% in September and edged closer to the central bank's target of 4%. During the week the seven states sold 10-30 years loan in the range of 7.60 to 7.73% and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.9374; 7.0987 & 7.1297 percent respectively. In a weekly auction the government sold 7.37% GS 2028; 7.18% GS 2033 & 7.30% GS 2053 at a yield of 7.2088; 7.2182 & 7.4354 percent respectively

The yield on the 7.18% Government bond due August 2033 fell to 7.2168% from last week level of 7.2992%

### Global Debt Market Update:

The yield on the benchmark U.S. 10-year Treasury hit its lowest level in about two months as investors bet that the U.S. Federal Reserve's rate-hiking campaign could finally be over. The yield on the benchmark 10-year Treasury briefly traded at 4.379%, its lowest level since Sept. 20, before bouncing back to trade around 4.43%. The 2-year Treasury yield also hit its lowest level since Sept. 1 but was last up more than 6 basis points at 4.9%. The producer price index, released Wednesday, showed a 0.5% decline in October whereas economists had expected a slight increase. It marked the most significant fall in the index since April 2020. Earlier this week, October's consumer price index reading also came in lower than forecast. The core consumer price index, which excludes food and energy, fell to a two-year low of 4% on an annual basis. Weak oil prices which look set for their fourth consecutive week of declines have also added to the sense that inflation is likely to remain lower.

### Bond Market Ahead:

The market getting confidence from the movement at the U.S. market as the steep decline in US Treasury yields since the start of November continued on Friday with those on the benchmark 10-year note briefly falling to the lowest level in 2 months. Yields have nosedived since touching 16-year highs in late October following a string of economic data that suggests inflation is cooling, boosting market expectations that the Federal Reserve is done with its rate hiking cycle. Oil prices tumbled on Thursday, as investors worried about demand from large consumers amid an economic slowdown. The benchmark Brent crude contract hit \$76.60 per barrel, its lowest level in four months, and was headed for its fourth consecutive weekly fall. Easing oil prices is good for countries like India, which are major importers of the commodity. India's retail inflation eased in October to a four-month low, with the annual retail inflation at 4.87%, edging closer to the central bank's target of 4%. Traders are also keeping a close eye on whether Indian bonds get included in Bloomberg Global Aggregate and the Emerging Market Local Currency indexes after JPMorgan included bonds in its emerging market index. The market is positioned comfortably and the consolidation expected in the range of 7.20 to 7.25% and later we may see the breakout and the 10-year benchmark may drift down to 7.10%.

### Bond Strategy:

- Buy 7.18% GS 2037 around 7.36 to 7.37 with a target of 7.22% and a stop loss of 7.40%.
- Buy 7.18% GS 2033 around 7.25 to 7.26 with a target of 7.20% and a stop loss of 7.30%.

(Source: Bloomberg, GEPL Capital Research)

### Economic Calendar

DATA	DATE
RBA Meeting minutes	20-Nov-2023
Hong Kong CPI Data	21-Nov-2023
Canada CPI Data	21-Nov-2023
FOMC Meeting Minutes	21-Nov-2023
Singapore GDP Data	21-Nov-2023
South African CPI Data	22-Nov-2023
US Jobless Claims	22-Nov-2023
FOMC Meeting Minutes	22-Nov-2023
Singapore GDP Data	22-Nov-2023
Singapore CPI Data	23-Nov-2023
South African Interest Rate Decision	23-Nov-2023
Japan CPI Data	23-Nov-2023
Singapore IIP Data	24-Nov-2023
German GDP Data	24-Nov-2023

(Source: Bloomberg)





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