



Debt Market Watch

Weekly Newsletter

11th March, 2024

Economic Indicator

Particulars	7-03-2024	01-03-2024	Change
5 Year Indian Govt. Bond (%)	7.05	7.07	-0.02
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.03	7.06	-0.03
15 Year Indian Govt. Bond(%)	7.1	7.11	-0.01
Call Money Market (%)	5.75	6.45	-0.7
Brent Crude Oil (in Dollar/barrel)	82.08	81.91	0.17
US 10 Year Treasury (%)	4.09	4.25	-0.16
UK 10 Year Treasury (%)	3.98	4.12	-0.14
Rupee Vs Dollar	82.75	82.91	-0.16
FOREX Reserves with RBI (in Dollar/bn)	625.63	619.07	6.56

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	Jan 2024 (released on 12-Feb-2024)	Dec 2023 (released on 12-Jan-2024)	Change
CPI DATA (%) (Monthly)	5.10	5.69%	-0.59
DATA	Dec 2023 (released on 12-Feb-2024)	Nov 2023 (released on 12-Jan-2024)	Change
IIP DATA (Monthly)	3.8%	2.4%	1.40



Yield Outlook for the week

The Indian 10 year Benchmark (7.18% GS 2033) likely to move in the range of 6.99% to 7.04%.

(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	7-Mar-24	1-Mar-24	Change
7.18% GOI 2033	28-Mar-2024	26138	23527	2611
IRF PRICE (w.o.w)				
Security	Contract	7-Mar-24	1-Mar-24	Change
7.18% GOI 2033	28-Mar-2024	101.00	100.77	0.23

(GEPL Capital Research)

Auction Scheduled For The Week

Date	In-strument	Expected Security	Nature of Flow	Amount (Cr)
12-Mar-24	SDL	12 States	Auction	26544
13-Mar-24	T-Bills	91 DTB	Auction	10000
13-Mar-24	T-Bills	182 DTB	Auction	15000
13-Mar-24	T-Bills	364 DTB	Auction	9000

(Source: www.rbi.org.in)

Government Security Market Update :

Indian 10-year benchmark government bond yields ended lower at 7.0312% versus previous close of 7.0548% on Thursday, as U.S. bond yields declined after commentary from Federal Reserve Chair Jerome Powell cemented hopes of a rate cut later this year, while investors awaited a key U.S. jobs data. The odds for a rate cut by Fed in May have now eased to 17% from 25% a day ago, while that for a rate action in June stand at 70%, up from 63% in the previous week, according to the CME Fed Watch tool. Back home, broader market sentiment remained positive after inclusion of Indian government notes in Bloomberg's Emerging Market Local Currency Index. The market expects inflows of less than \$5 billion from January 2025 onwards. During the week the eleven states sold 7-30 years loan in the range of 7.38 to 7.42% and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.8988; 7.1475 & 7.1049 percent respectively. The yield on the 7.18% Government bond due August 2033 fell 7.0312% to from 7.0572% last week.

Global Debt Market Update:

The U.S. 10-year Treasury yield eased to 4.03% before it makes a way towards the closing at 4.077% after the nonfarm payrolls increased by 275,000 for the month while the jobless rate moved higher to 3.9%, the Labour Department's Bureau of Labour Statistics reported Friday. Economists surveyed by Dow Jones had been looking for payroll growth of 198,000. Job creation topped expectations in February, but the unemployment rate moved higher and employment growth from the previous two months wasn't nearly as hot as initially reported. February was a step higher in growth from January, which saw a steep downward revision to 229,000, from the initially reported 353,000. Job growth in December also was revised down to 290,000 from 333,000, bringing the two-month total to 167,000 fewer jobs than initially reported. Average hourly earnings, watched closely as an inflation indicator, showed a slightly less than expected increase for the month and a deceleration from a year ago. Wages rose just 0.1% on the month, one-tenth of a percentage point below the estimate, and were up 4.3% from a year ago, down from the 4.5% gain in January and slightly below the 4.4% estimate. The jobs numbers likely keep the Federal Reserve on track to cut interest rates later this year, though the timing and extent remain uncertain. Elsewhere, the European Central Bank left rates unchanged on Thursday and cut its forecast for inflation as well as growth.

Bond Market Ahead:

Indian 10-year benchmark 7.18% GS 2033 all set to make a move towards 6.95% after it moved positively below 7.05% with good volume as the Fed is indicating rate cut around the corner and the mixed data send the U.S. 10-year Treasury yield towards 4.03% on Friday before it closed at 4.077%. Chinese government bond yields declined with the 10-year yield falling to a 22-year low of 2.283%, the yield has fallen 27 basis points from levels of 2.55% at the end of January on expectations that authorities will keep monetary conditions easy as they aim to revive domestic consumption and meet economic growth targets. Yields in the world's second-largest economy have fallen steadily after China's benchmark lending rates were cut sharply last month. The rush into bonds has pushed 10-year yields below rates on the central bank's lending facility and caused spreads between 10 and 1-year bonds to shrink by 10 basis points in two weeks. Bloomberg became the second major global firm after JPMorgan Chase to announce inclusion of Indian government securities in an emerging market bond index. These moves are seen to boost dollar inflows into the country and bring down the rate of interest. Since these indices are widely followed by global bond fund managers, billions of dollar could flow into India because of inclusion. The market will get into the week of the most important macro data, Consumer Price Index (CPI), which is the most important indicator for the trend of the rates in the near term by the U.S. Fed and RBI MPC. The CPI data for India and U.S. to be released on March 12 & 13 respectively and likely to ease from the last month's reading. The drastic fall will turn the bonds traders on aggressive path and vice-versa.

Bond Strategy:

- Buy 7.18% GS 2033 around 7.05 to 7.04 with a target of 6.99% and a stop loss of 7.08%.
- Buy 7.18% GS 2037 around 7.09 to 7.08 with a target of 7.04% and a stop loss of 7.12%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
Japan GDP Data	11-Mar-2024
Malaysian IIP Data	12-Mar-2024
German CPI Data	12-Mar-2024
OPEC Monthly report	12-Mar-2024
Portuguese CPI Data	12-Mar-2024
Brazil CPI Data	12-Mar-2024
India's IIP & CPI Data	12-Mar-2024
US CPI Data	12-Mar-2024
GBP GDP & IIP Data	13-Mar-2024
German WPI Data	13-Mar-2024
Russia's CPI Data	13-Mar-2024
India's WPI Data	14-Mar-2024
Swedish CPI Data	14-Mar-2024
Spanish CPI Data	14-Mar-2024
Hong Kong IIP Data	14-Mar-2024
US Jobless claims	14-Mar-2024
Fed Balance Sheet Data	15-Mar-2024
French CPI Data	15-Mar-2024
Italian CPI Data	15-Mar-2024

(Source: Bloomberg)

Invest Now



Name	Designation	Certification	Email	Contact
Deepak Panjwani	Head – Debt Market	MBA - Finance & Marketing	deepak@geplcapital.com	91 (22) 6618 2352

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Email: info@geplcapital.com & complaints@geplcapital.com

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