



Debt Market Watch

Weekly Newsletter

26th March, 2024

Economic Indicator

Particulars	22-03-2024	15-03-2024	Change
5 Year Indian Govt. Bond (%)	7.11	7.07	0.04
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.09	7.06	0.03
15 Year Indian Govt. Bond(%)	7.16	7.12	0.04
Call Money Market (%)	6.24	6.18	0.06
Brent Crude Oil (in Dollar/barrel)	86.08	85.35	0.73
US 10 Year Treasury (%)	4.25	4.31	-0.06
UK 10 Year Treasury (%)	3.99	4.13	-0.14
Rupee Vs Dollar	83.42	82.89	0.53
FOREX Reserves with RBI (in Dollar/bn)	642.49	636.09	6.4

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-Mar-2024)	Jan 2024 (released on 12-Feb-2024)	Change
CPI DATA (%) (Monthly)	5.09	5.10	-0.01

DATA	Dec 2023 (released on 12-Mar-2024)	Dec 2023 (released on 12-Feb-2024)	Change
IIP DATA (Monthly)	3.98%	3.8%	0.18



Yield Outlook for the week

The Indian 10 year Benchmark (7.18% GS 2033) likely to move in the range of 7.04% to 7.09%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	22-Mar-24	15-Mar-24	Change
7.18% GOI 2033	28-Mar-2024	20148	24612	-4464

IRF PRICE (w.o.w)				
Security	Contract	22-Mar-24	15-Mar-24	Change
7.18% GOI 2033	28-Mar-2024	100.58	100.81	-0.23

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
26-Mar-24	SDL	18 States	Auction	60032.49
27-Mar-24	T-Bills	91 DTB	Auction	10000
27-Mar-24	T-Bills	182 DTB	Auction	15000
27-Mar-24	T-Bills	364 DTB	Auction	9000

(Source: www.rbi.org.in)

Government Security Market Update :

The Indian benchmark 10-year yield was at 7.0574% as of Friday Morning, following its previous close of 7.0477% and inched higher to 7.09% as states surprised traders with yet another record debt sale for the holiday-truncated last week of the financial year. States aim to raise a record 600.32 billion rupees (\$7.2 billion) through bonds on Tuesday, after selling 502 billion rupees and 240 billion rupees through two separate auctions this week. U.S. and Indian bond yields fell on Thursday after a surprise rate cut from the Swiss National Bank, the first major central bank to dial back tighter monetary policy conditions. During the week the seventeen states sold 3-40 years loan in the range of 7.3779 to 7.50% and two states UP & Maharashtra sold additional Rs.24,000 crore loans of 10-20 years in the range of 7.42 to 7.48% and the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.8785; 7.1236 & 7.0828% respectively. U.S. and Indian bond yields fell on Thursday after a surprise rate cut from the Swiss National Bank, the first major central bank to dial back tighter monetary policy conditions.

The yield on the 7.18% Government bond due August 2033 rose to 7.0927% from 7.0644% last week.

Global Debt Market Update:

U.S. Treasury yields fell on Friday, with the 2-year Treasury yield sliding below 4.6% as investors considered when the Federal Reserve will begin interest rate cuts. The 2-year Treasury yield was last lower by more than 3 basis points at 4.596%, pulling back after hitting 4.74% at one point during Monday's session. The yield on the 10-year Treasury was down by more than 6 basis points to 4.206%. The central bank left rates unchanged at the conclusion of its policy meeting this week, but pointed to likely rate cuts ahead. Policymakers indicated that they are expecting three rate cuts to take place this year, which was in line with previous central bank estimates. The Fed did not, however, provide any more clarity about a potential timeline for rate cuts. Traders were last pricing in an 88% chance that the central bank will leave rates unchanged at its next meeting on April 30-May 1, but a roughly 67% likelihood of a June rate cut according to CME's FedWatch tool.

Bond Market Ahead:

The market will have only three working days before the FY24 ends and a huge supply of Rs.60K crore of state issuance and Rs.34K crore of Treasury bill will weigh the pressure and restrict the 10-year benchmark to ease below 7.05%. Though the U.S. 10-year Treasury benchmark closed at 4.20% on Friday the sentiments will be positive as the U.S. Treasury yield likely to ease further towards 4.17% and a fall to 4.10 to 4 percent looks likely now. All eyes will be trained on the personal consumption expenditure figures for February that will be released on March 29. These figures would serve as a touchstone to the question of whether the Fed will truly be in a position to push through with the first of the three rate cuts it has pencilled in for 2024. The Fed's fourth quarter unemployment rate projection looks low considering that the unemployment rate moved up to 3.9% in February, which was the highest since early 2022. Before rounding, February's unemployment rate was 3.857%, close to October's 3.841%. If unemployment surprises the Fed to the upside this year, that could motivate them to cut faster to balance their dual mandate for a strong job market and low inflation.

Bond Strategy:

- Buy 7.18% GS 2033 around 7.09 to 7.10 with a target of 7.04% and a stop loss of 7.12%.
- Buy 7.18% GS 2037 around 7.16 to 7.17 with a target of 7.11% and a stop loss of 7.20%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
Singapore IIP Data	26-Mar-2024
Japan CPI Data	26-Mar-2024
Spanish GDP Data	26-Mar-2024
Brazil CPI Data	26-Mar-2024
Australian CPI Data	27-Mar-2024
Swedish Interest Rate Decision	27-Mar-2024
Spanish CPI Data	27-Mar-2024
South African Interest Rate Decision	27-Mar-2024
Russia IIP Data	27-Mar-2024
Thailand IIP Data	28-Mar-2024
GBP GDP Data	28-Mar-2024
Portuguese CPI Data	28-Mar-2024
Belgium CPI Data	28-Mar-2024
US GDP Data	28-Mar-2024
US Jobless claims	28-Mar-2024

(Source: Bloomberg)

Invest Now



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