



Debt Market Watch

Weekly Newsletter

8th April 2024

Economic Indicator

Particulars	05-04-2024	22-03-2024	Change
5 Year Indian Govt. Bond (%)	7.09	7.05	0.04
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.12	7.06	0.06
15 Year Indian Govt. Bond(%)	7.15	7.09	0.06
Call Money Market (%)	5.8	6.24	0.44
Brent Crude Oil (in Dollar/barrel)	90.86	86.99	3.87
US 10 Year Treasury (%)	4.4	4.21	0.19
UK 10 Year Treasury (%)	4.1	3.98	0.12
Rupee Vs Dollar	83.32	83.34	-0.02
FOREX Reserves with RBI (in Dollar/bn)	645.58	642.63	2.95

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

DATA	Jan 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 7.08% to 7.13%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	28-Mar-24	22-Mar-24	Change
7.18% GOI 2033	25-Apr-2024	35215	20148	15067

IRF PRICE (w.o.w)				
Security	Contract	28-Mar-24	22-Mar-24	Change
7.18% GOI 2033	25-Apr-2024	100.39	100.58	-0.19

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
8-Apr-24	SDL	3 States	Auction	6500
10-Apr-24	T-Bills	91 DTB	Auction	12000
10-Apr-24	T-Bills	182 DTB	Auction	7000
10-Apr-24	T-Bills	364 DTB	Auction	8000
12-Apr-24	G-Sec	7.32% GS 2030	Auction	11000
12-Apr-24	G-Sec	New 15 Years GS 2039	Auction	10000
12-Apr-24	G-Sec	7.30% GS 2053	Auction	9000

(Source: www.rbi.org.in)

Invest Now ➔

Government Security Market Update :

The market was under pressure since the start of this financial year as the strong data at U.S. faded the possibilities of rate easing cycle from June and on Friday, the Reserve Bank of India maintained policy interest rates and its stance for the seventh straight review meeting citing an uncertain food prices trajectory and the elbow room provided by robust economic growth. The 10-year benchmark closed at 7.05% on March 28 and currently surged to 7.12% as on Friday after the new 10-year introduced at 7.10% and sold other papers 7.33% GS 2026 & 7.25% GS 2063 at a yield of 7.0711 and 7.2288 percent respectively. During the week the seven states sold 6-20 years loan in the range of 7.39 to 7.49 percent and in the weekly Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.8768; 7.0187 & 7.0447 percent respectively. The yield on the 7.18% Government bond due August 2033 rose to 7.1232% from 7.0927% last week.

Global Debt Market Update:

U.S. Treasury yields jumped on Friday after closely watched nonfarm payrolls data for March surged past expectations. The rate on the 10-year Treasury jumped more than 9 basis points to 4.4% and the 2-year Treasury yield also surged by 10.9 basis points at 4.75%. The Labor Department's Bureau of Labor Statistics reported Friday that nonfarm payrolls grew by 303000 in March, far above expectations for an increase of 200,000 and higher than the downwardly revised 270,000 gain in February. The unemployment rate came out at 3.8%, as Wall Street had expected. Interest rate futures show that traders do not expect the Fed to adjust rates at the conclusion of its next meeting on May 1, according to the CME FedWatch Tool. Fed fund futures imply a 46.6% likelihood that rates will also stay unchanged at the June gathering. Earlier in the week the U.S. openings held steady at higher levels in February, while the number of people quitting their jobs rose marginally. Job openings, a measure of labor demand, edged up 8,000 to 8,756 million. A separate report showed new orders for U.S. manufactured goods grew more than expected in February, boosted by demand for machinery and commercial aircraft. Factory orders increased 1.4%, better than expected after dropping 3.8% in January data showed with economists polled forecasting orders to rebound 1.0%.

Bond Market Ahead:

Strong economic data and worries over sticky inflation are pushing investors to reassess how deeply the Federal Reserve will be able to cut interest rates this year, fuelling weakness in the U.S. government bond market. The selloff comes amid a broad shift in sentiment on the timing and magnitude of expected rate cuts. Futures markets showed investors are betting the Fed will lower rates by 70 basis points this year, compared to the 150 basis points priced in at the beginning of 2024. Bond yields are moving higher for several reasons. U.S. data has consistently come in stronger than expectations, leading some investors to believe that the Fed won't be able to cut interest rates without risking an inflationary rebound. The Reserve Bank of India on Friday expressed the concerned related to the food price inflation and cited that the central bank will keep a close watch on the monsoon; geo-political tension and global central bank's stance on the interest rates. The bond yields likely to come under pressure and the new 10-year benchmark (7.10% GS 2034) may head towards 7.14% in the near future. The release of the inflation numbers in the week may cement the road for the bond market ahead to get further clarity on the interest rates outlook in India and globally.

Bond Strategy:

- Buy 7.18% GS 2033 around 7.12 to 7.13 with a target of 7.08% and a stop loss of 7.17%.
- Buy 7.18% GS 2037 around 7.16 to 7.17 with a target of 7.12% and a stop loss of 7.21%.
- Buy 7.10% GS 2034 around 7.10 to 7.11 with a target of 7.06% and a stop loss of 7.14%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
Malaysian IIP Data	8-Apr-2024
German IIP Data	8-Apr-2024
Philippines Interest Rate Decision	8-Apr-2024
New Zealand Interest Rate Decision	10-Apr-2024
Swedish GDP & IIP Data	10-Apr-2024
Thailand Interest Rate Decision	10-Apr-2024
Greek CPI Data	10-Apr-2024
Portuguese CPI Data	10-Apr-2024
Brazil CPI Data	10-Apr-2024
US CPI Data	10-Apr-2024
BoC Interest Rate Decision	10-Apr-2024
Russia CPI Data	10-Apr-2024
FOMC Meeting Minutes	10-Apr-2024
China CPI Data	11-Apr-2024
Italian IIP Data	11-Apr-2024
US OPEC Monthly Report	11-Apr-2024
ECB Interest Rate Decision	11-Apr-2024
US Jobless Claims	11-Apr-2024
Singapore GDP Data	12-Apr-2024
South Korean Interest Rate Decision	12-Apr-2024
India's IIP & CPI Data	12-Apr-2024
Japan IIP Data	12-Apr-2024
German CPI Data	12-Apr-2024
GBP GDP Data	12-Apr-2024

(Source: Bloomberg)



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

I, Mr. **Deepak Panjwani** (Head - Debt Market of GEPL Capital), having Education Qualification **MBA - Finance & Marketing**, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I, also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Disclosure :-

This document has been prepared by Research Department of GEPL Capital Pvt. Ltd. (hereinafter referred to as GEPL) and this report is for personal information of the selected recipient/s and does not constitute to be any investment, recommendation, prospectus, offering circular or legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and GEPL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. GEPL makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability or obligation with respect to, the fairness, accuracy, completeness or correctness of any information or update information or opinions contained herein.

All investments including Future and Options are involving risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or GEPL as a result of using different assumptions and criteria. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

The information contained in this report has been obtained from sources that are considered to be reliable. However, GEPL has not independently verified the accuracy or completeness of the same. Neither GEPL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

GEPL and its affiliates and/or their officers, directors and employees may have similar position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). GEPL specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL and GEPL accepts no liability whatsoever for the actions of third parties in this regard. GEPL or its director or its research analysts or its associates or his relatives and/or its affiliates and/or employees do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Disclaimers in respect of jurisdiction:

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such Distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject GEPL its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of GEPL.

"Registration granted by SEBI for Research Analyst under **SEBI Reg. No: INH000000081** and certification from NISM in no way guarantee the performance of the intermediary or provide any assurance of returns to investors."

Analyst Certification:

The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

GEPL Capital Private Limited is a SEBI registered Research Analyst entity bearing SEBI Reg. No. "**INH000000081**" under SEBI (Research Analysts) Regulations, 2014.

Registered Office: D-21, Dhanraj Mahal, CSM Marg, Colaba, Mumbai - 400 001 CIN No.: U67120MH1997PTC110941

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

Broking Services, Mutual Fund distribution, IPOs distributorship, Fixed Income distribution offered through GEPL Capital Pvt. Ltd. SEBI Registration No.: (BSE-CM / F&O, NSE-CM / F&O / CD) INZ000168137

Research Analyst SEBI Reg. No.: INH000000081 AMFI Registration No.: ARN – 27210*

*Advisory Services through GEPL Investment Advisors Pvt. Ltd. SEBI Reg. No.: INA000002744 *

Insurance distributorship via group company GEPL Insurance Broking Pvt. Ltd.: IRDA Broker License No. DB267

Equities related financing through Group Company GEPL Finance Pvt. Ltd. RBI LIC No.: N-13.01928

For more information visit us at : : www.geplcapital.com

For research related queries email at research@geplcapital.com