



Debt Market Watch

Weekly Newsletter

15th April 2024

Economic Indicator

Particulars	12-04-2024	05-04-2024	Change
5 Year Indian Govt. Bond (%)	7.15	7.09	0.06
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	7.18	7.12	0.06
15 Year Indian Govt. Bond(%)	7.2	7.15	0.05
Call Money Market (%)	6.4	5.8	0.6
Brent Crude Oil (in Dollar/barrel)	90.45	90.86	-0.41
US 10 Year Treasury (%)	4.5	4.4	0.1
UK 10 Year Treasury (%)	4.14	4.1	0.04
Rupee Vs Dollar	83.61	83.32	0.29
FOREX Reserves with RBI (in Dollar/bn)	648.56	645.58	2.98

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	Mar 2024 (released on 12-Apr-2024)	Feb 2024 (released on 12-Mar-2024)	Change
CPI DATA (%) (Monthly)	4.85%	5.09%	-0.24
DATA	Feb 2023 (released on 12-Apr-2024)	Jan 2023 (released on 12-Mar-2024)	Change
IIP DATA (Monthly)	5.7%	3.98%	1.72



Yield Outlook for the week

The Indian 10 year Benchmark (7.18% GS 2033) likely to move in the range of 7.12% to 7.18%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	12-Apr-24	05-Apr-24	Change
7.18% GOI 2033	25-Apr-2024	36752	35215	15067
IRF PRICE (w.o.w)				
Security	Contract	12-Apr-24	05-Apr-24	Change
7.18% GOI 2033	25-Apr-2024	99.95	100.39	-0.19

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instru-ment	Expected Security	Nature of Flow	Amount (Cr)
16-Apr-24	SDL	2 States	Auction	1900
18-Apr-24	T-Bills	91 DTB	Auction	12000
18-Apr-24	T-Bills	182 DTB	Auction	7000
18-Apr-24	T-Bills	364 DTB	Auction	8000
20-Apr-24	G-Sec	New GS 2029	Auction	11000
20-Apr-24	G-Sec	New GS 2064	Auction	9000

(Source: www.rbi.org.in)

Government Security Market Update :

Indian government bond yields jumped on Friday, with the benchmark yield posting its biggest single-day rise in six months, tracking US yields after elevated inflation reaffirmed doubts over interest rate cuts in the near future. The 10-year benchmark 7.18% GS 2033 tested 7.19% in intraday before it managed to close at 7.1794%, the yield rose 12 basis points since the start of the Financial year. US yields climbed to levels seen five months ago after the hotter-than-anticipated inflation data. The two-year yield, the closest indicator of rate expectations, topped five per cent, while the 10-year yield nearly touched 4.60 per cent. The yield continued to remain around multi-month highs. The inflation reading, along with strong US non-farm payrolls data last week, has slashed the odds of a rate cut in June as well as the quantum of overall rate cuts in 2024. During the week the three states sold 10-29 years loan in the range of 7.44 to 7.50% and in the weekly Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.8702; 7.0297 & 7.0490% respectively. In a weekly auction the government sold 15-years new security at a yield of 7.23% and other securities 7.32% GS 2030 & 7.30% GS 2053 at a yield of 7.1926 & 7.2946% respectively. The yield on the 7.18% Government bond due August 2033 rose to 7.1794% from 7.1232% last week.

Global Debt Market Update:

The yield on the U.S. 10-year Treasury was down more than 5 basis points at 4.52%. The 2-year Treasury yield was last at 4.894% after falling 6 basis points as investors considered the state of the economy after the release of inflation data and weighed the path ahead for interest rates. The Treasury yields were still up sharply for the week despite Friday's decline. The benchmark 10-year was up more than 10 basis points during that time, while the 2-year has risen more than 15 basis points. The March producer price index, which tracks wholesale inflation, came in below expectations on Thursday, reflecting a 0.2% increase from the previous month. The reading eased concerns about persistent inflationary pressures slightly. Investors have been fretting about what sticky inflation could mean for interest rate cuts that are expected to take place later this year. Market expectations for when the first rate cut will take place shifted from June to September in recent days after the March consumer price index came in higher than expected earlier this week.

Bond Market Ahead:

India's headline retail inflation eased to a ten-month low of 4.85 percent versus 5.09% in February 2024. Food inflation softened marginally with the index coming in at 8.52 percent, as compared to 8.66 percent in previous month. In total, the food and beverages inflation stood at 7.68 percent in March, lower than 7.76 percent in February. Core inflation, which excludes volatile components such as food and fuel remained steady at 3.5 percent. Lower CPI numbers and WPI at U.S. will be positive for the market and yield will drift down from the previous close of 7.1794%. The geo-political tension at Iran & Israel may put pressure on the bond market as the Brent crude oil may see the up stick and may spoil the inflation lower trend. Indian bond market is moving closer to the global listing in June and may see the abundant of demand from the foreign entities and any fall in the prices of the bonds will be a buying opportunities and we may see the traders adding securities to their portfolio for a hefty gain as the yields may drop to 6.60 percent in the second half of the FY25.

Bond Strategy:

- Buy 7.18% GS 2033 around 7.17 to 7.18 with a target of 7.14% and a stop loss of 7.22%.
- Buy 7.23% GS 2039 around 7.22 to 7.23 with a target of 7.17% and a stop loss of 7.26%.
- Buy 7.10% GS 2034 around 7.13 to 7.14 with a target of 7.09% and a stop loss of 7.18%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
India's WPI Data	15-Apr-2024
Chinese GDP & IIP Data	16-Apr-2024
German WPI Data	16-Apr-2024
Italian CPI Data	16-Apr-2024
Canada CPI Data	16-Apr-2024
US CPI & IIP Data	16-Apr-2024
New Zealand CPI Data	17-Apr-2024
GBP CPI Data	17-Apr-2024
South African CPI Data	17-Apr-2024
US Jobless Claims	18-Apr-2024
Fed Balance Sheet	19-Apr-2024
Malaysian GDP Data	19-Apr-2024
RBI MPC Minutes	19-Apr-2024
Japan CPI Data	19-Apr-2024

(Source: Bloom-)

Invest Now >>>



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