



Debt Market Watch

Weekly Newsletter

24 June, 2024

Economic Indicator

Particulars	21-06-2024	14-06-2024	Change
5 Year Indian Govt. Bond (%)	6.99	7.00	-0.01
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	6.97	6.98	-0.01
15 Year Indian Govt. Bond(%)	7.01	7.03	-0.02
Call Money Market (%)	5.75	6.75	-1
Brent Crude Oil (in Dollar/barrel)	84.33	82.67	1.66
US 10 Year Treasury (%)	4.26	4.22	0.04
UK 10 Year Treasury (%)	4.08	4.08	-
Rupee Vs Dollar	83.56	83.55	0.01
FOREX Reserves with RBI (in Dollar/bn)	652.89	655.82	-2.93

Policy Rates

Repo Rate	6.50%
Standing Deposit Facility Rate	6.25%
CRR	4.50%
Reverse Repo Rate	3.35%

— Adverse + Favor

(Source: Bloomberg/www.rbi.org.in)

DATA	May 2024 (released on 12-June-2024)	Apr 2024 (released on 13-May-2024)	Change
CPI DATA (%) (Monthly)	4.75%	4.83%	-0.08

DATA	April 2024 (released on 12-June-2024)	Mar 2024 (released on 10-May-2024)	Change
IIP DATA (Monthly)	4.98%	4.90%	-0.80



Yield Outlook for the week

The Indian 10 year Benchmark (7.10% GS 2034) likely to move in the range of 6.95% to 6.98%.

(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	21-June-24	14-June-24	Change
7.10% GOI 2034	27-June-2024	14922	210	14712

IRF PRICE (w.o.w)				
Security	Contract	21-June-24	14-June-24	Change
7.10% GOI 2034	27-June-2024	100.85	100.85	-

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
24-June-24	G-Sec	5.22% GS 2025; to 7.40% GS 2035; 8.20% GS 2025 to 6.10% GS 2031; & 7.41% GS 2036; 7.59% GS 2026 to 7.73% GS 2034; 7.27% GS 2026 to 6.83% GS 2039; 8.33% GS 2026 to 7.41% GS 2036; 8.24% GS 2027 to 6.62% GS 2051; 6.79% GS 2027 to 6.83% GS 2039; 7.38% GS 2027 to 7.40% GS 2035 & 7.06% GS 2046 & 6.99% GS 2051; 7.17% GS 2028 to 7.36% GS 2052.	Conversion	25000
25-June-24	SDL	9 States	Auction	17071
26-June-24	T-Bills	91 DTB	Auction	4000
26-June-24	T-Bills	182 DTB	Auction	4000
26-June-24	T-Bills	364 DTB	Auction	4000
28-June-24	G-Sec	7.10% GS 2034	Auction	20000
28-June-24	G-Sec	7.34% GS 2064	Auction	11000

(Source: www.rbi.org.in)

Government Security Market Update :

The 10-year benchmark rallied from 6.99 to 6.96% on positive global news and higher demand from the domestic investors and foreign entities. The government's push for fiscal discipline, compression in the current account deficit and central bank's focus on inflation and inclusion of the nation's debt into global bond indexes have strengthened the case for yield to drop. Earlier during the week the six states sold 3-27 years loan in the range of 7.23 to 7.39% and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.8150: 6.9601 & 6.98% respectively and in the weekly auction the demand was high and the government managed to sell 7.04% GS 2029 & 7.46% GS 2073 at a yield 6.9899 & 7.0724% respectively. The yield on the 7.10% Government bond due April 2034 fell to 6.9723% from 6.9832% last week.

Global Debt Market Update:

German government bond yields fell on Friday after economic survey data for the euro zone came in weaker than expected. Euro zone yield bounced around in the afternoon session in Europe, as trader digested U.S. data showing a pick-up in business activity and remained nervous about political uncertainty in France. Euro area business growth decelerated sharply this month as demand fell for the first time since February. German 10-year benchmark yield fell 3 basis points to 2.399% and French 10-year yields closed flat at 3.156%. The money market price in around 70 bps cumulative European Central Bank rate cuts by year-end from 65 bps before PMI data, implying a further move and a 70% chance of a third cut in 2024. U.S. Treasury yields declined across the curve, led by the two year note's which fell as much as 6 bps to 4.70% short of last week's low 4.65%. The market implied odds of a quarter point rate cut by the Fed at its September meeting edged up to around 65%. May retail sales were weaker than economists estimated and April figures were downwardly revised in the latest evidence of emerging consumer fatigue that has helped Treasuries rally in recent sessions.

Bond Market Ahead:

The market will take a positive clue from the RBI MPC minutes which were released on Friday as two external members have pushed for a 25 bps rate cut at the June 7th meeting. Ashima Goyal and JR Varma, said real repo rate at 2% is too high and could hurt growth. The sooner or later we will see a positive move from the RBI MPC on the rates trajectory and stance as the inflation is under control and good monsoon will provide a room for the inflation to fall in the second half of the FY25. The 10-year benchmark likely to ease over a period of time and will head towards 6.75% in the second half of the FY25. Furthermore, pent up government spending post-elections is likely to improve the liquidity and this could make the shorter end of the curve outperform the long end. Indian bonds are prepared to debut on JP Morgan Chase & Co's emerging market index on June 28 and foreign inflows into Indian bonds have already hit \$10 billion since the announcement in September 2023.

Bond Strategy:

- Buy 7.18% GS 2033 around 7.02 to 7.03 with a target of 6.98% and a stop loss of 7.05%.
- Buy 7.10% GS 2034 around 6.98 to 6.99 with a target of 6.95% and a stop loss of 7.02%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
Malaysian CPI Data	24-June-2024
Singapore CPI Data	24-June-2024
Japan CPI Data	25-June-2024
Spanish GDP Data	25-June-2024
Canada CPI Data	25-June-2024
Australian CPI Data	26-June-2024
Singapore IIP Data	26-June-2024
Brazil CPI Data	26-June-2024
Russia IIP Data	26-June-2024
Philippines Interest Rate Decision	27-June-2024
Swedish Interest Rate Decision	27-June-2024
Belgium CPI Data	27-June-2024
BoE FPC Meeting Minutes	27-June-2024
US Jobless Claims	27-June-2024
Japan CPI & IIP Data	28-June-2024
South Korean IIP Data	28-June-2024
Thailand IIP Data	28-June-2024
GBP GDP Data	28-June-2024
French & Spanish CPI Data	28-June-2024
Portuguese & Italian CPI Data	28-June-2024

(Source: Bloomberg)



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