



Debt Market Watch

Weekly Newsletter

22nd July, 2024

Economic Indicator

Particulars	19-07-2024	12-07-2024	Change
5 Year Indian Govt. Bond (%)	6.91	6.96	-0.05
10 Year Indian Govt. Bond(%) (7.18% GS 2033)	6.96	6.99	-0.03
15 Year Indian Govt. Bond(%)	7.00	7.02	-0.02
Call Money Market (%)	6.25	6.55	-0.3
Brent Crude Oil (in Dollar/barrel)	82.58	85.03	-2.45
US 10 Year Treasury (%)	4.24	4.19	0.05
UK 10 Year Treasury (%)	4.13	4.11	-0.02
Rupee Vs Dollar	83.73	83.52	0.21
FOREX Reserves with RBI (in Dollar/bn)	666.85	657.16	9.69

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	June 2024 (released on 12-July-2024)	May 2024 (released on 12-June-2024)	Change
CPI DATA (%) (Monthly)	5.08%	4.83%	0.25

DATA	May 2024 (released on 12-July-2024)	April 2024 (released on 12-June-2024)	Change
IIP DATA (Monthly)	5.90%	4.90%	1.00



Yield Outlook for the week

The Indian 10 year Benchmark (7.10% GS 2034) likely to move in the range of 6.95% to 6.99%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	19-July-24	12-July-24	Change
7.10% GOI 2034	25-July-2024	10841	10851	-10

IRF PRICE (w.o.w)				
Security	Contract	19-July-24	12-July-24	Change
7.10% GOI 2034	25-July-2024	100.95	100.75	0.20

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
23-July-24	SDL	7 Slates	Auction	12100
25-July-24	T-Bills	91 DTB	Auction	8000
25-July-24	T-Bills	182 DTB	Auction	6000
25-July-24	T-Bills	364 DTB	Auction	6000
27-July-24	G-Sec	7.04% GS 2029	Auction	12000
27-July-24	G-Sec	7.23% GS 2039	Auction	12000
27-July-24	G-Sec	7.34% GS 2064	Auction	11000

(Source: www.rbi.org.in)

Invest Now

Government Security Market Update :

The Indian 10-year benchmark yield ended at 6.9641%, following its previous close of 6.9674%. For the week, the yield dipped 2 basis points, after ending flat last week, largely unchanged as investors keenly awaiting the federal budget due next week, where the fiscal deficit and market borrowing numbers will be in focus. India's federal government budget is due on July 23. A Reuter's poll predicts median forecasts for the fiscal deficit target at 5.1% of gross domestic product and gross borrowing at 14.13 trillion rupees, the same as February's interim budget. Oil prices fell on Friday, setting up for a second weekly decline as mixed economic signals weighed on investors sentiments and boosted the dollar. Brent crude prices fell by 51 cents to \$84.50 a barrel. Earlier during the week the six states sold 10-27 years loan in the range of 7.32 to 7.35% and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.7399; 6.8451 & 6.8740% respectively. In a weekly central government securities auction the cut-off set for 7.10% GS 2034 & 7.46% GS 2073 at a yield of 6.9788 & 7.0938% respectively.

The yield on the 7.10% Government bond due April 2034 fell to 6.9641% from 6.9926% last week.

Global Debt Market Update:

U.S. 10-year Treasury yields fell to a four-month low on Tuesday on expectations that the Federal Reserve is getting closer to cutting interest rates. Treasury yields have tumbled this month as softer jobs data and easing inflation boost the odds of a September rate cut. Traders are now pricing for two or possibly three rate reductions by December. Few comments from the Fed officials during the week pushed the yield higher by the end of the week. The yield on the 10-year Treasury added around 5 basis points to 4.24%. The 2-year Treasury yield also rose more than 4 basis points higher to 4.51%. Fresh inflation data is set to be released next week in the form of the personal consumption expenditure price index, which is the Fed's preferred inflation gauge. This will be some of the last key data before the central bank meets at the end of the month. San Francisco Fed President Mary Daly indicated on Thursday that she was still hoping for more data to provide evidence of inflation sustainably returning to the central bank's 2% target rate. Markets are widely expecting the Fed to keep rates unchanged this month, but traders were last pricing in an around 98% chance of a September rate cut.

Bond Market Ahead:

All eyes will be on the Union Budget and economic survey which is to be presented on July 23 & 22 respectively. The government will announce the budget on July 23, with major focus on the fiscal deficit target and gross borrowing figures. India had announced gross borrowing of 14.13 trillion rupees (\$169.07 billion) in the interim budget, with a fiscal deficit target of 5.1 per cent of gross domestic product. India has room to cut gross market borrowing by 500-750 billion rupees and reduce fiscal deficit aim to 4.9 per cent, following a better-than-estimated surplus transfer from the central bank and amid strong revenue collections. On the global front traders and analysts shifted their attention away from the timing of the Fed's first interest-rate cut to the question of how long any easing cycle would last — with an eye toward a possible victory by Republican presidential nominee Donald Trump and the impacts of his tariff proposals. Some were casting doubts on current expectations for the Fed to deliver five to six quarter-point rate cuts by next June. Outside the U.S., the European Central Bank opted to keep its main deposit rate unchanged at 3.75%. Asked about the prospect of a widely anticipated September rate cut, ECB President Christine Lagarde reiterated that central-bank policymakers were committed to letting incoming data determine their path.

Bond Strategy:

- Buy 7.10% GS 2034 around 6.99 to 6.98 with a target of 6.95% and a stop loss of 7.02%.
- Buy 7.18% GS 2037 around 7.03 to 7.04 with a target of 6.99% and a stop loss of 7.07%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
Hong Kong CPI Data	22-July-2024
Singapore CPI Data	23-July-2024
Indian Union Budget	23-July-2024
Malaysian CPI Data	24-July-2024
South African CPI Data	24-July-2024
BoC Interest Rate Decision	24-July-2024
South Korean GDP Data	25-July-2024
Brazil CPI Data	25-July-2024
US GDP Data	25-July-2024
US Jobless claims	25-July-2024
Japan CPI Data	25-July-2024
Thailand IIP Data	25-July-2024
Singapore IIP Data	25-July-2024
Russia Interest Rate Decision	25-July-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