



Debt Market Watch

Weekly Newsletter

11th November, 2024

Economic Indicator

Particulars	08-11-2024	31-10-2024	Change
5 Year Indian Govt. Bond (%)	6.75	6.78	-0.03
10 Year Indian Govt. Bond(%) (6.79% GS 2034)	6.78	6.81	-0.03
15 Year Indian Govt. Bond(%)	6.86	6.87	-0.01
Call Money Market (%)	6.55	5.75	0.8
Brent Crude Oil (in Dollar/barrel)	73.87	73.1	0.77
US 10 Year Treasury (%)	4.31	4.37	-0.06
UK 10 Year Treasury (%)	4.44	4.45	-0.01
Rupee Vs Dollar	84.38	84.13	0.25
FOREX Reserves with RBI (in Dollar/bn)	682.87	684.81	-1.94

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	Aug 2024 (released on 14-Oct-2024)	July 2024 (released on 12-Aug-2024)	Change
CPI DATA (%)	5.49	3.65%	1.84

DATA	August 2024 (released on 12-Oct-2024)	July 2024 (released on 12-Sept-2024)	Change
IIP DATA (Monthly)	-0.1	4.80%	4.7



Yield Outlook for the week

The Indian 10 year Benchmark (6.79% GS 2034) likely to move in the range of 6.75% to 6.80%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	08-Nov-24	31-Oct-24	Change
7.10% GOI 2034	28-Nov-2024	48,766	47,388	1378

IRF PRICE (w.o.w)				
Security	Contract	08-Nov-24	31-Oct-24	Change
7.10% GOI 2034	28-Nov-2024	101.93	101.73	0.20

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
12-Nov -24	SDL	5 States	Auction	5,400
13-Nov -24	G-Sec	91 DTB	Auction	7,000
13-Nov -24	G-Sec	182 DTB	Auction	6,000
13-Nov -24	G-Sec	364 DTB	Auction	6,000
15-Nov -24	G-Sec	7.04% GS 2029	Auction	14,000
15-Nov -24	G-Sec	New 15 Year G-Sec	Auction	13,000
15-Nov -24	G-Sec	7.09% GS 2054	Auction	10,000

(Source: www.rbi.org.in)

Government Security Market Update :

Indian government bond yields dipped in early trading on Friday, tracking US yields after the Federal Reserve eased interest rates as expected and did not sound hawkish. The Fed cut interest rate by 25 basis points on Thursday, as widely expected, amid a cooling labour market, while noting that economic growth remained solid. The benchmark 10-year yield was at 6.77 per cent, compared with Thursday's close of 6.7931 per cent. Earlier during the week the eight states sold 5-23 years loan in the range of 7.02 to 7.1594 percent and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.4437; 6.6280 & 6.5991 percent respectively. In a weekly auction the government sold 7.02% GS 2027 & 7.34% GS 2064 at a yield of 6.7184 & 7.0130 percent respectively. The yield on the 6.79% Government bond due October 2034 fell to 6.7762% from 6.8114% last week.

Global Debt Market Update:

The U.S. 10-year Treasury yield fell for a second day Friday, set to finish the week lower even after a big pop triggered by Donald Trump's presidential win. The benchmark 10-year rate dipped 4 basis points to 4.29% after falling about 11 basis points in the previous session after hitting higher of 4.47% in a week. The 2-year Treasury yield traded 4 basis points higher at 4.24%. The Fed also slashed the benchmark rates by another 25 basis points to a target range of 4.50% to 4.75%. The Republican former President swept back to power early on Wednesday, beating Democratic candidate Vice President Kamala Harris and capping a political comeback four years after he left the White House. Trump campaigned on a platform of tax cuts, which economists say would juice the economy, widen budget deficits and increase government borrowing. He also touted tariffs, which analysts expect to stoke inflation and reduce the Federal Reserve's scope to cut interest rates. Wednesday's sale of \$25 billion worth of 30-year bonds lured buyers after being sharply sold off. The note was priced at 4.608%, lower than the rate forecast at the bid deadline, suggesting investors did not demand extra yield to take down the note. On the short end of the curve, the two-year yield peaked at 4.312%, its highest since late July, and last traded roughly 7.5 bps higher at 4.278%. It was on pace for its biggest one-day gain in a month. The U.S. yield curve steepened sharply on Wednesday, with the gap between two-year and 10-year yields hitting 19.5, the highest since late September. The curve was last at 16.10 bps, from 8.8 bps late Tuesday.

Bond Market Ahead:

The Reserve Bank of India (RBI) has not changed interest rates for nearly two years but has adopted a neutral stance in its policy statement in October and this has sparked speculation of a likely rate cut in the next policy in December but the Governor Shaktikanta Das clarified on Wednesday that changing the monetary policy stance to neutral does not mean a rate cut in the central bank's next policy announcement and hinted at significant upside risk to inflation expectations. Significant risks include continuing geopolitical conflicts, geo-economic fragmentation, climate and weather – related risks, and commodity prices going up. The October CPI expected to be higher than the September 5.49% as re-treated by the RBI Governor. The market will closely monitor the October CPI and Q2 GDP data as these two data will bring clarity on the rate trajectory by the RBI MPC and till then the market will follow the action at the U.S Treasuries and global bond market.

Bond Strategy:

- Buy 6.79% GS 2034 around 6.79 to 6.80 with a target of 6.75% and a stop loss of 6.82%.
- Buy 7.34% GS 2064 around 7.01 to 7.00 with a target of 6.95% and a stop loss of 7.05%.
- Buy 7.09% GS 2054 around 6.99 to 7.00 with a target of 6.94% and a stop loss of 7.03%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
German CPI Data	12- Nov-2024
India's IIP & CPI Data	12 -Nov-2024
OPEC Monthly Report	12 -Nov-2024
Swedish Monetary Policy	13 -Nov-2024
Portuguese CPI Data	13 -Nov-2024
US CPI Data	13 -Nov-2024
Russia CPI Data	13 -Nov-2024
Finnish CPI & GDP Data	14 -Nov-2024
India's WPI Data	14 -Nov-2024
Swedish CPI Data	14 -Nov-2024
Spanish CPI Data	14 -Nov-2024
US Jobless Claims	14 -Nov-2024
Fed Balance Sheet	15 -Nov-2024
Japan GDP & IIP Data	15 -Nov-2024
Malaysian GDP Data	15 -Nov-2024
GBP GDP & IIP Data	15 -Nov-2024
German WPI Data	15 -Nov-2024
French CPI Data	15 -Nov-2024
Hong Kong GDP Data	15 -Nov-2024
Italian CPI Data	15 -Nov-2024
US IIP Data	15 -Nov-2024

(Source: Bloomberg)

Invest Now →



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