



Debt Market Watch

Weekly Newsletter

28th October, 2024

Economic Indicator

Particulars	25-10-2024	18-10-2024	Change
5 Year Indian Govt. Bond (%)	6.77	6.73	0.04
10 Year Indian Govt. Bond(%) (6.79% GS 2034)	6.80	6.75	0.05
15 Year Indian Govt. Bond(%)	6.88	6.87	0.01
Call Money Market (%)	6.4	6.5	-0.1
Brent Crude Oil (in Dollar/barrel)	75.63	73.17	2.46
US 10 Year Treasury (%)	4.24	4.08	0.16
UK 10 Year Treasury (%)	4.24	4.06	0.18
Rupee Vs Dollar	84.1	84.07	0.03
FOREX Reserves with RBI (in Dollar/bn)	688.27	690.43	-2.16

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 (%) (Monthly)	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 6.77% to 6.82%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	25-Oct-24	18-Oct-24	Change
7.10% GOI 2034	31-Oct-2024	50,759	50,233	526

IRF PRICE (w.o.w)				
Security	Contract	25-Oct-24	18-Oct-24	Change
7.10% GOI 2034	31-Oct-2024	101.70	102.30	-0.60

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
29-Oct-24	SDL	10 States	Auction	25,050
30-Oct-24	G-Sec	91 DTB	Auction	7,000
30-Oct-24	G-Sec	182 DTB	Auction	6,000
30-Oct-24	G-Sec	364 DTB	Auction	6,000

(Source: www.rbi.org.in)

Government Security Market Update :

Indian government bond yields start the first day of the week higher on cautious sentiment after the RBI Chief said talking about rate cuts would be premature and risky at the current juncture. Bond yields jumped in the closing hours of Friday and turned higher after testing lower of 6.80% in a week to 6.85% as the global sentiments weakens on political and economic concerns and US 10-year Treasury yield surpassed 4.20% mark to 4.25%. The RBI had changed its monetary policy stance to "neutral" earlier this month. The minutes of its latest meeting got released on Wednesday, outlining the current economic landscape and challenges ahead. Members expressed that the overall inflation environment is improving signalling potential stability in the coming months. Five out of six members had voted in favour of holding policy rates, and new external member Nagesh Kumar voted to cut the policy rate by 25 basis points. Earlier during the week the five states sold 5-11 years loan in the range of 7-7.12% and in the Treasury bill auction the Reserve Bank of India set the cut-off for 91; 182 & 364 DTB at a yield of 6.4797; 6.5970 & 6.5991 percent respectively. In a weekly sales the government sold 6.79% GS 2034 & 7.46% GS 2073 at a yield of 6.7948 & 7.0009% respectively.

The yield on the 6.79% Government bond due October 2034 rose to 6.8046% from 6.7504% last week.

Global Debt Market Update:

US bond yields have been on an upward trajectory, with the benchmark 10-year Treasury yield reaching a three-month high of 4.26%. The two-year yield reached 4.084%, its highest point since October 10. The spike in yields also bolstered the US dollar index, which climbed to nearly a three-month high against major currencies, peaking at 104.38. This sudden rise in bond yields, occurring ahead of the 2024 US Presidential Election, has exerted downward pressure on global equity markets. The 10-year Treasury yield has surpassed critical technical levels, including its 200-day moving average and the 50% Fibonacci retracement from the decline observed between April and September, according to a Reuters report. Mounting uncertainty surrounding the November 5 US Presidential Elections, combined with strong economic data leading investors to anticipate a less dovish stance from the Federal Reserve, has put US bonds under pressure and driven yields higher. This week's rise in bond yields has been partly attributed to increasing odds of a Donald Trump victory, whose policies, such as imposing tariffs and cracking down on illegal immigration, are perceived as potentially driving inflation higher. According to the betting site Polymarket, Trump currently holds around a 60% chance of winning, while Harris has a 40% probability of victory.

Bond Market Ahead:

Major asset management firms like BlackRock, Amundi, and Janus Henderson's Tabula have launched new ETFs focused on Indian debt following JPMorgan's inclusion of Indian bonds in its emerging-market index. This is expected to attract \$5 to \$10 billion, with professionals driving initial interest. India's weighting in JPMorgan's emerging-markets bond index will jump to 10% by March from the current level of 4%. The securities are also set to be added to developing-nation debt gauges owned by FTSE Russell and Bloomberg. That process is poised to bring billions into the largely domestic-led market that has so far been largely insulated from global gyrations due to low overseas ownership. Rupee-denominated government bonds are currently the highest yielding in Asia, according to data compiled by Bloomberg based on the largest regional markets. Indian bonds have attracted \$15.7 billion of inflows this year, the most in Asia behind China, South Korea and Japan, data compiled by Bloomberg show. In the near term the concern is mounting up due to US Presidential Elections on November 5, 2024 as Donald Trump's potential return to the White House will see the fiscal expansion under his leadership and in turn the higher inflation and rates, this resulted in diminishing the 50-basis rate cut probability. Investors are also showing caution in purchasing bonds ahead of the election, as the fiscal outlook will heavily depend on which party secures control of Congress.

Bond Strategy:

- Buy 6.79% GS 2034 around 6.82 to 6.83 with a target of 6.77% and a stop loss of 6.85%.
- Buy 7.09% GS 2054 around 6.99 to 7.00 with a target of 6.96% and a stop loss of 7.02%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
Australia CPI Data	29 Oct-2024
French GDP Data	30-Oct-2024
Spanish CPI & GDP Data	30-Oct-2024
Italian GDP Data	30-Oct-2024
German GDP & CPI Data	30-Oct-2024
Russia GDP Data	30-Oct-2024
South Korean IIP Data	30-Oct-2024
Japan IIP Data	30-Oct-2024
BoJ Interest Rate Decision	30-Oct-2024
French CPI Data	31-Oct-2024
Hong Kong GDP Data	31-Oct-2024
Italian CPI Data	31-Oct-2024
RBI Monetary & Credit Information Review	31-Oct-2024
US Jobless claims	31-Oct-2024
Canada GDP Data	31-Oct-2024
Swiss CPI Data	31-Oct-2024
Brazil IIP Data	31-Oct-2024

(Source: Bloomberg)

Invest Now →



28th October, 2024

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