

13th January, 2025

Economic Indicator

Particulars	10-01-2025	03-01-2025	Change
5 Year Indian Govt. Bond (%)	6.73	6.72	-0.01
10 Year Indian Govt. Bond(%) (6.79% GS 2034)	6.77	6.78	-0.01
15 Year Indian Govt. Bond(%)	6.88	6.89	-0.01
Call Money Market (%)	6.7	6.24	0.46
Brent Crude Oil (in Dollar/barrel)	79.76	76.69	3.07
US 10 Year Treasury (%)	4.77	4.6	0.17
UK 10 Year Treasury (%)	4.84	4.59	0.25
Rupee Vs Dollar	86.17	85.76	0.41
FOREX Reserves with RBI (in Dollar/bn)	634.59	640.28	-5.69

Policy Rates

Repo Rate	6.50%
Standing Deposit Facility Rate	6.25%
CRR	4.00%
Reverse Repo Rate	3.35%

— Adverse + Favor (Source: Bloomberg/www.rbi.org.in)

DATA	November 2024 (released on 12-Dec-2024)	October 2024 (released on 12-Nov-2024)	Change
CPI DATA (%)	5.48	6.21	-0.73

DATA	Oct 2024 (released on 12-Dec-2024)	Sept 2024 (released on 12-Nov-2024)	Change
IIP DATA (Monthly)	3.5	3.1	0.40



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	10-01-2025	03-01-2025	Change
7.10% GOI 2034	30-Jan-2025	47740	47798	-58

IRF PRICE (w.o.w)				
Security	Contract	10-01-2025	03-01-2025	Change
7.10% GOI 2034	30-Jan-2025	102.05	101.96	0.09

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
14-Jan -25	SDL	10 States	Auction	17,919
15-Jan -25	T-bill	91 DTB	Auction	12,000
15-Jan -25	T-bill	182 DTB	Auction	8,000
15-Jan -25	T-bill	364 DTB	Auction	8,000
17-Jan-25	G-Sec	6.75% GS 2029	Auction	14,000
17-Jan -25	G-Sec	6.92% GS 2039	Auction	12,000
17-Jan -25	G-Sec	7.09% GS 2054	Auction	10,000

(Source: www.rbi.org.in)

Government Security Market Update :

Indian 10-year benchmark yield eased to three week low of 6.73% earlier in the week amid aggressive purchase from foreign banks and later by Friday, the yield moved higher to 6.78% as the U.S. Treasury yields moving higher. The liquidity in the banking system remains on the deficit mode and the Reserve Bank of India conducted 14 days VRR on Friday, for an amount of Rs. 2.25 lakh crore and besides this the government conducted the buy-back of the securities for a notified amount of Rs.25,000 crore and the RBI accepted almost 77% (Rs.19,217.50 crore) of the notified amount. Earlier in a week the ten states sold 6-30 years loan in the range of 7.01 to 7.15% and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.5940; 6.6995 & 6.6895% respectively. India's industrial growth rose to a six month high of 5.2 percent in November, compared to 3.7 percent in the previous month, as the economy shows some signs of recovery after a disappointing second quarter. In a weekly sales the government sold 6.64% GS 2027 & 7.34% GS 2064 at a yield of 6.6906 & 7.0593% respectively.

The yield on the 6.79% Government bond due October 2034 fell to 6.7724% from 6.7852% last week.

Global Debt Market Update:

U.S. Treasury yields jumped to their highest level since November 2023 after the latest jobs data came in stronger than economists had forecast. The 10-year Treasury yield tested 52 week high of 4.79% and closed at 4.76%. The 2-year Treasury surged more than 10 basis points at 4.369% & the 30-year Treasury yield exceed 5% mark. December's nonfarm payrolls reading showed much stronger-than-expected job growth. Nonfarm payrolls soared by 256,00 for the month, up from 212,00 in November, the Bureau of Labor Statistics reported Friday. Meanwhile, economists had forecast job growth to rise by 1,55,000 jobs in December, according to Dow Jones. The unemployment rate inched lower to 4.1%, one-tenth of a point below expectations. Fed meeting minutes from December, released Wednesday, showed that officials were worried about inflation and the effect of President-elect Donald Trump's policies, and indicated that they would be moving more slowly on interest rate cuts in 2025.

Bond Market Ahead:

A selloff in the \$28 trillion Treasury market deepened after a blowout US employment report reinforced bets among traders and Wall Street economists that the Federal Reserve will hold off on further interest-rate cuts. US Treasuries plunged on Friday after data showed the labor market grew in December, sending the 30-year bond's yield above 5% for the first time in more than a year. Trump's tariff and tax cut vows have been fanning concern about global trade, price pressures and the US's ability to keep rolling over its swelling debt load without investors demanding higher payouts. Strong job data has not only pushed the yields higher but also indicated that the Fed will now pause for a while and also the upcoming inflation numbers at US on Wednesday will indicate further the move of US Fed. The liquidity concern likely to be addressed by the Reserve Bank of India as it is in deficit mode and if RBI planning to ease repo rate in the February policy than the liquidity need to be eased out. The government will buy-back five securities for an amount of Rs.30,000 crore on January 16 and this will lead to funds infusion. The market will be under pressure when it will open on Monday, as the US Treasury yields are heading up and retail inflation numbers to be released. The inflation numbers likely to ease in India from the last month as the food and vegetable prices are easing and will ease out the pressure.

Bond Strategy:

- Buy 6.79 at 6.81 to 6.82% with a target of 6.77 and a stop loss of 6.85% .
- Buy 6.92% GS 2039 around 6.91 to 6.92 % with a target of 6.86% and a stop loss of 6.95%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
India's CPI & IIP Data	13-Jan-2025
Russia CPI Data	13-Jan-2025
India's WPI Data	14-Jan-2025
Italian IIP Data	14-Jan-2025
GBP CPI & PPI Data	15-Jan-2025
German WPI Data	15-Jan-2025
French CPI Data	15-Jan-2025
Spanish CPI Data	15-Jan-2025
German GDP Data (Annual)	15-Jan-2025
US CPI Data	15-Jan-2025
Russia CPI Data	15-Jan-2025
South Korean Interest Rate Decision	15-Jan-2025
GBP GDP & IIP Data	16-Jan-2025
German CPI Data	16-Jan-2025
Italian CPI Data	16-Jan-2025
US Jobless claims	16-Jan-2025
Fed's balance sheet	16-Jan-2025
Chinese GDP & IIP Data	16-Jan-2025
US IIP Data	17-Jan-2025

(Source: Bloomberg)

Invest Now →

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