



Economic Indicator

Particulars	13-12-2024	06-12-2024	Change
5 Year Indian Govt. Bond (%)	6.66	6.68	0.02
10 Year Indian Govt. Bond(%) (6.79% GS 2034)	6.73	6.74	-0.01
15 Year Indian Govt. Bond(%)	6.84	6.87	-0.03
Call Money Market (%)	6.8	6.24	0.56
Brent Crude Oil (in Dollar/barrel)	74.49	72.09	2.4
US 10 Year Treasury (%)	4.4	4.15	0.25
UK 10 Year Treasury (%)	4.41	4.28	0.13
Rupee Vs Dollar	84.81	84.67	0.14
FOREX Reserves with RBI (in Dollar/bn)	654.86	658.09	-3.23

Policy Rates

Repo Rate	6.50%
Standing Deposit Facility Rate	6.25%
CRR	4.25%
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 (%) (Monthly)	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 6.70% to 6.75%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	13-Dec-24	06-Dec-24	Change
7.10% GOI 2034	26-Dec-2024	49496	50072	-576

IRF PRICE (w.o.w)				
Security	Contract	13-Dec-24	06-Dec-24	Change
7.10% GOI 2034	26-Dec-2024	102.32	102.15	0.17

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instru-ment	Expected Security	Nature of Flow	Amount (Cr)
17-Dec-24	SDL	13 States	Auction	20,325
18-Dec-24	T-bill	91 DTB	Auction	7,000
18-Dec-24	T-bill	182 DTB	Auction	6,000
18-Dec-24	T-bill	364 DTB	Auction	6,000
20-Dec-24	G-Sec	7.04% GS 2029	Auction	14,000
20-Dec-24	G-Sec	New GS 2064	Auction	15,000

(Source: www.rbi.org.in)

Government Security Market Update :

Indian 10-year benchmark yield moved in the range of 6.69 to 6.75% and managed to close at 6.73% after an aggressive cut-off at Friday's auction. During the week two important macro data one U.S. CPI & India's CPI got released and both met the expectations. U.S. CPI cools to 2.7% and India's November CPI was recorded at 5.48% which is lower than the expectations of 5.7%. Market also welcomed the new RBI Chief, Mr. Sanjay Malhotra and farewelled the most dynamic Mr. Shaktikanta Das who served for a period of six years as RBI Chief and managed the monetary policy the most effectively during the tough times like Covid. The market expecting the new governor to start slashing repo rate from February policy as the inflation is showing a sign of slowing down and may move towards the 4% mark in couple of months. During the week the six states sold 9-22 years loans in the range of 7.04 to 7.1055% and in the Treasury bill auction the Reserve Bank of India sold 91; 182 & 364 DTB at a yield of 6.4478; 6.61 & 6.5780% respectively. In a weekly auction the government sold 6.79% GS 2034; New GOI SGRB 2054 & 7.09% GS 2074 at a yield of 6.7543; 6.98 & 7.0120% respectively.

The yield on the 6.79% Government bond due October 2034 fell at 6.7282% from 6.7446% last week.

Global Debt Market Update:

The U.S. 10-year Treasury yield moved higher on Friday as investors look ahead to the Federal Reserve's final meeting of the year. The 10-year Treasury yield was up more than 7 basis points at 4.401% after jumping more than 6 basis points on Thursday to climb above the 4.3% level. Meanwhile, the yield on the 2-year Treasury was also more than 6 basis points higher at 4.247%. U.S. inflation data published Thursday showed wholesale prices rose 0.4% in November, higher than the 0.2% level expected by economists polled by Dow Jones. At the same time, a jump in jobless claims data signalled a potentially weaker economy, muting some of the gain in yields. The pair of reports came one day after November's consumer price index report published on Wednesday showed a 12-month inflation rate of 2.7% and a 0.3% monthly increase. Core inflation, which excludes food and energy prices, was at 3.3% on an annual basis and 0.3% monthly.

Bond Market Ahead:

As per the RBI MPC meet the Cash Reserve Ratio was slashed by 50 bps in two tranches and 25 bps effective from December 14, 2024 and will infuse liquidity to the tune of Rs.59,000 crore to the banking system. The market will focus on the upcoming two days FOMC meet scheduled for Dec 17 & 18 and the Federal Reserve is expected to lower interest rates by another quarter point and that would mark the third rate cut in a row - all together shaving a full percentage point off the federal funds rate since September. Indian bond market will keenly watch the outcome at Fed and will make a positive move on the local retail inflation numbers and expectations of a repo rate cut from the RBI MPC in February. Experts are expecting a shallow monetary easing cycle of 50 basis points, earlier, this month the RBI held interest rates but infused liquidity by easing CRR by 50 bps. Besides this liquidity measures the RBI may also use OMO Purchase (Open Market Operations) to infuse durable liquidity which will also drive the 10-year benchmark to drift towards 6.60% before the February policy. The spread between the 10-year and the longer dated securities have shrunk by 2 to 3 bps from 30 bps and likely to get narrower further by another 5 bps as the inflation pressure is easing and rate cut expectations are building up.

Bond Strategy:

- Buy 6.79% GS 2034 around 6.75 to 6.74% with a target of 6.70% and a stop loss of 6.78%.
- Buy 7.09% GS 2054 around 7 to 6.99% with a target of 6.95% and a stop loss of 7.03%.

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
India's WPI Data	16-Dec-2024
Chinese IIP Data	16-Dec-2024
Italian CPI Data	16-Dec-2024
Canada CPI Data	17-Dec-2024
US IIP Data	17-Dec-2024
Fed Interest Rate Decision	17 & 18-Dec-2024
Thailand Interest Rate Decision	18-Dec-2024
GBP CPI Data	18-Dec-2024
New Zealand GDP Data	19-Dec-2024
BoJ Interest Rate Decision	19-Dec-2024
Philippines Interest Rate Decision	19-Dec-2024
Swedish Interest Rate Decision	19-Dec-2024
BoE Interest Rate Decision	19-Dec-2024
US GDP & Jobless Claims	19-Dec-2024
Japan CPI Data	20-Dec-2024
Malaysian CPI Data	20-Dec-2024
Hong Kong CPI Data	20-Dec-2024
Russia Interest Rate Decision	20-Dec-2024
RBI MPC Meeting Minutes	20-Dec-2024

(Source: Bloomberg)



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