



Debt Market Watch

Weekly Newsletter

23rd December, 2024

Economic Indicator

Particulars	20-12-2024	13-12-2024	Change
5 Year Indian Govt. Bond (%)	6.73	6.66	0.07
10 Year Indian Govt. Bond(%) (6.79% GS 2034)	6.79	6.73	0.06
15 Year Indian Govt. Bond(%)	6.87	6.84	0.03
Call Money Market (%)	6.85	6.8	0.05
Brent Crude Oil (in Dollar/barrel)	72.94	74.49	-1.55
US 10 Year Treasury (%)	4.53	4.4	0.13
UK 10 Year Treasury (%)	4.51	4.41	0.10
Rupee Vs Dollar	84.95	84.81	0.14
FOREX Reserves with RBI (in Dollar/bn)	652.87	654.86	-1.99

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 6.75% to 6.80%.
(GEPL Capital Research)

Interest Rate Futures

IRF OPEN INTEREST (w.o.w)				
Security	Contract	20-Dec-24	13-Dec-24	Change
7.10% GOI 2034	26-Dec-2024	49911	49496	415

IRF PRICE (w.o.w)				
Security	Contract	20-Dec-24	13-Dec-24	Change
7.10% GOI 2034	26-Dec-2024	101.94	102.32	-0.38

(GEPL Capital Research)

Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
24-Dec -24	SDL	15 States	Auction	30,600
26-Dec -24	T-bill	91 DTB	Auction	7,000
26-Dec -24	T-bill	182 DTB	Auction	6,000
26-Dec -24	T-bill	364 DTB	Auction	6,000
27-Dec -24	G-Sec	7.02% GS 2031	Auction	10,000
27-Dec -24	G-Sec	6.92% GS 2039	Auction	12,000
27-Dec -24	G-Sec	7.09% GS 2054	Auction	10,000

(Source: www.rbi.org.in)

Government Security Market Update :

The tight liquidity condition in the banking system and hawkish comments from the Fed's Powell despite 25 bps rate cut the Indian 10-year bond yields moved up and traded near to the 6.80% when it closes last on Friday. The Indian rupee fell to a record low, shipping past 85 to the US dollar for the first time on Thursday after the Fed signalled fewer rate cuts next year. The longer end curve moved higher above 7.05% and demand seems to be getting weaker. Earlier in a week the 13 states sold 4-30 years loan in the range of 6.97 to 7.13% and in the Treasury bill auction the RBI sold 91; 182 & 364 DTB at a yield of 6.4726; 6.64 & 6.63% respectively. In a weekly auction the government sold new GS maturing in 2029 at a yield of 6.75% and 7.34 GS 2064 at 7.0653% respectively.

The yield on the 6.79% Government bond due October 2034 rose to 6.7891% from 6.7282% last week.

Global Debt Market Update:

The yield on the US 10-year Treasury fell 4.4 basis points to 4.526% after topping 4.57% the previous day. The 2-year Treasury yield dipped less than 1 basis point to 4.314%. The benchmark 10-year yield is still about 0.10% higher than the 4.40% level where it ended last week. The 10-year Treasury yield retreated on Friday as a key inflation gauge showed cooler-than-expected price pressures. Mid-morning remarks by Chicago Fed President Austan Goolsbee, confirming that rates could still decline next year despite the central bank's cautious stance, also helped lift bond prices. The November personal consumption expenditures price index, the Fed's preferred measure of inflation, increased just 0.1% from October. The gauge indicated a 2.4% inflation rate on an annual basis, still ahead of the Fed's 2% goal but lower than the 2.5% estimate from economists surveyed by Dow Jones. Treasury yields surged on Wednesday after Fed policymakers increased their inflation forecast for the coming year and pointed to only two potential rate cuts in 2025, down from four potential cuts of 100 bps that had been signalled in September.

Bond Market Ahead:

US Fed is already done with the rate easing for a time being as anticipated by the market after the last 25 bps rate cut from the Fed and the Treasury yields head higher above 4.50%. Indian bond yields have also inched higher in the last few sessions and now focus will shift to the inflation numbers; RBI MPC meet and Union Budget. Concerned that aggressive fiscal consolidation could hinder growth momentum while private capital expenditure remain sluggish, the government is expected to set the fiscal deficit target at 4.4% of GDP for FY2026. India's net direct tax collections grew 16.45 percent to Rs.15.82 trillion between April 1 and December 17 of FY25, according to the latest data released by the Income Tax Department on Wednesday. Lower fiscal deficit will bring positivity in the bond market as it will provide space to the RBI to lower the rates aggressively and lower borrowing numbers will drift the yields lower. The market will also keep an eye on the progress of the inflation numbers as the CPI will head towards 4.50% in the next two months and the probability of a repo rate cut in February will be on the higher side.

Bond Strategy:

- Buy 6.79 GS 2034 around 6.80 to 6.79% with a target of 6.75% and a stop loss of 6.83%.
- Buy 7.34 GS 2064 around 7.06 to 7.07% with a target of 7.03% and a stop loss of 7.09%..

(Source: Bloomberg, GEPL Capital Research)

Economic Calendar

DATA	DATE
Singapore Core CPI Data	23-Dec-2024
Europe Unemployment Rate	23-Dec-2024
London GDP Data	23-Dec-2024
Spanish GDP Data	23-Dec-2024
Belgium CPI Data	23-Dec-2024
Canada GDP and PPI Data	23-Dec-2024
Japan Monetary Policy Meeting Minutes	24-Dec-2024
Australia Meeting Minutes	24-Dec-2024
Japan Core CPI Data	24-Dec-2024
Russia Industrial Production Data	25-Dec-2024
Singapore Industrial Production Data	26-Dec-2024
Spanish PPI Data	26-Dec-2024
US Initial Jobless Claims Data	27-Dec-2024
India FX Reserves (USD) Data	27-Dec-2024
Tokyo Core CPI Data	27-Dec-2024
Japan Unemployment Rate & IIP Data	27-Dec-2024
Thailand Industrial Production Data	27-Dec-2024
Brazil Unemployment Rate Data	27-Dec-2024
Russia GDP & Unemployment rate Data	27-Dec-2024

(Source: Bloomberg)

Invest Now →



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