

### Economic Indicator

Particulars	27-12-2024	20-12-2024	Change
5 Year Indian Govt. Bond (%)	6.75	6.73	-0.02
10 Year Indian Govt. Bond(%) (6.79% GS 2034)	6.79	6.79	-
15 Year Indian Govt. Bond(%)	6.9	6.87	0.03
Call Money Market (%)	6.8	6.85	-0.05
Brent Crude Oil (in Dollar/barrel)	73.79	72.94	0.85
US 10 Year Treasury (%)	4.62	4.53	0.09
UK 10 Year Treasury (%)	4.63	4.51	0.12
Rupee Vs Dollar	85.39	84.95	0.44
FOREX Reserves with RBI (in Dollar/bn)	644.39	652.87	-8.48

### 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	27-Dec-24	20-Dec-24	Change
7.10% GOI 2034	30-Jan-2025	47550	49911	2361

  

IRF PRICE (w.o.w)				
Security	Contract	27-Dec-24	20-Dec-24	Change
7.10% GOI 2034	30-Jan-2025	101.86	101.94	-0.08

(GEPL Capital Research)

### Auction Scheduled For The Week

Date	Instrument	Expected Security	Nature of Flow	Amount (Cr)
31-Dec -24	SDL	10 States	Auction	24,729
01-Jan -25	T-bill	91 DTB	Auction	12,000
01-Jan -25	T-bill	182 DTB	Auction	8,000
01-Jan -25	T-bill	364 DTB	Auction	8,000
01-Jan -25	G-Sec	6.79% GS 2034	Auction	22,000
01-Jan -25	G-Sec	7.09% GS 2074	Auction	10,000

(Source: www.rbi.org.in)

### Government Security Market Update :

The higher deficit liquidity in the banking system has pushed Reserve Bank of India (RBI) to inject liquidity in the system through variable rate repo auctions. Currently, liquidity in the banking system is estimated to be in deficit of around Rs 2.5 lakh crore, as per RBI's money market operation data. The central bank has so far conducted nine variable rate repo (VRR) auctions so far this month to support liquidity in the banking system. According to the RBI data, the VRR auction were conducted worth Rs. 6.25 lakh crore, of which Rs. 5.51 lakh crore has been infused in the banking system. Further, the reduction of CRR by the RBI in the December policy also helped to infuse durable liquidity in the system to the tune of Rs.1.16 lakh crore. The durable liquidity in the banking system will provide a shield from the outflows of foreign investors in equity market. The 10-year benchmark yield climbed towards 6.80% mark on Friday and managed to closed near to the 6.79%. Earlier in a week 15 states sold 4-30 years loan in the range of 7.0330 to 7.19% and in the Treasury bill auction the Reserve Bank of India sold 91;182 & 364 DTB at a yield of 6.5489; 6.70 & 6.6878% respectively. In a weekly auction the government sold new 2031 security at a yield of 6.79% and sold 6.92% GS 2039 & 7.09% GS 2054 at a yield of 6.9091 & 7.0641% respectively.

The yield on the 6.79% Government bond due October 2034 fell to 6.7852% from 6.7891% last week.

### Global Debt Market Update:

U.S. Treasury yields climbed on Friday in thin holiday trade, with the 10-year note ending at its highest level since late May. Yields on the benchmark note capped off their biggest three-week advance since September 2022, climbing more than 46 basis points during that time. The yield on the 2-year Treasury note ended down 0.6 basis point at 4.325%. The yield on the 10-year Treasury note rose by 4.2 basis points to 4.619%. The yield on the 30-year Treasury bond yield rose by 4.9 basis points to 4.810%. Longer term yields have been climbing even though the Federal Reserve has cut interest rates three times since September this year. The yield on the 10-year note has risen roughly one full percentage point in the past three months. Rising Treasury yields have also helped lift the U.S. dollar, which has steamrolled many of its developed-market and emerging-market.

### Bond Market Ahead:

The government is set to borrow Rs. 3.94 lakh crore from the market via treasury bills (T-bills), the Reserve Bank of India (RBI) said in a press release. On Friday, the central bank released the calendar for the auction of T-bills. The central government is set to borrow Rs. 1.68 lakh crore via 91-day T-bills, Rs. 1.28 lakh crore via 182-day T-bills and Rs 98,000 crore via 364-day T-bills. The overall borrowings from the T-bills have gone up on quarterly basis. In October-December, the government was set to raise Rs. 2.47 lakh crore via T-bills. The supply of T-bills across tenures have risen sharply for January-March quarter. The higher supply will dampen the sentiments and the shorter end yields likely to spike and 10-year benchmark may eye towards 6.82%. The market will also watch the development happening at the global markets as Trump will be taking charge from January 2025. After cutting interest rates three times in as many meetings, the Fed is entering a new phase in its fight against inflation as it goes into 2025. The Fed is waiting to see what will happen with inflation, whether incoming President Donald Trump will impose heavy tariffs, and what effect those tariffs will have on the economy. The Fed lowered the fed funds rate from a two-decade high in September and, over the course of three meetings, reduced it by an entire percentage point. Central bankers expect more cuts next year but at a much slower pace. According to Fed officials' latest round of economic projections, they anticipate lowering their benchmark rate by just three-quarters of a percentage point all year. Tight liquidity; higher supply of Treasury Bills and global concerned may push the yield higher and keep the market in tight range with all focus on the RBI MPC meet in February.

### Bond Strategy:

- Buy 6.79 GS 2034 around 6.81 to 6.82% with a target of 6.77% and a stop loss of 6.85%.
- Buy 7.09% GS 2054 around 7.07% to 7.08% with a target of 7.02% and a stop loss of 7.12%.

(Source: Bloomberg, GEPL Capital Research)

### Economic Calendar

DATA	DATE
South Korean IIP Data	30-Dec-2024
Spanish CPI Data	30-Dec-2024
Portuguese CPI Data	30-Dec-2024
South Korean CPI Data	31-Dec-2024
Chinese Manufacturing PMI	31-Dec-2024
India's Federal Fiscal Deficit	31-Dec-2024
RBI's Monetary & Credit Information Review	31-Dec-2024
Singapore GDP Data	02-Jan-2025
Swedish Monetary Policy Meeting Minutes	02-Jan-2025
US Jobless Claims	02-Jan-2025
Australia's Manufacturing PMI	02-Jan-2025
Fed's Balance Sheet	03-Jan-2025
South Korean GDP Data	03-Jan-2025
Germany Unemployment Rate	03-Jan-2025

(Source: Bloomberg)

Name	Designation	Certification	Email	Contact
Deepak Panjwani	Head – Debt Market	MBA - Finance & Marketing	deepak@geplcapital.com	91 (22) 6618 2352

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**Email: info@geplcapital.com & complaints@geplcapital.com**

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