



INDIA

- ❖ The benchmark 6.10% bond maturing in 2031 ended at 97.43 rupees, yielding 6.46%, against 97.40 rupees, and 6.47% yield, yesterday. The note touched 6.49% in early trade, the highest since Apr. 15, 2020.
- ❖ On Dec. 8, the Reserve Bank of India's rate-setting panel unanimously kept the benchmark repo rate, at which the central bank lends money, at record low of 4%, while the reverse repo rate, at which it absorbs excess cash from the banking system, was left unchanged at 3.35%. With a five-to-one majority, the committee voted to continue its accommodative stance to support a fledgling recovery in Asia's third-biggest economy amid uncertainties due to risks from the Omicron variant.
- ❖ However, the central bank has recently begun unwinding some of its extraordinary stimulus measures, including halting its bond purchases from the secondary market and withdrawal of surplus liquidity via the variable reverse repo operations, as the economy emerges from the Covid-19 pandemic.
- ❖ On Monday, the RBI unexpectedly announced a three-day variable reverse repo for two trillion rupees, followed by another seven-day operation for a similar amount yesterday. However, amid a decline in liquidity this month because of outflows towards tax payments, the response to both auctions was underwhelming.
- ❖ The benchmark 10-year U.S. Treasury yield was around 1.48%, after climbing about four basis points yesterday. President Joe Biden ruled out lockdowns, while boosting the administration's response to deal with the Omicron outbreak, including more vaccinations and testing sites, and free at-home rapid tests.
- ❖ Benchmark Brent crude futures were higher at \$74.28 per barrel, after yesterday's 3.4% surge.
- ❖ The Indian rupee rose for the third straight day against the U.S. currency tracking a further recovery in regional equities as worries over the economic impact of the Omicron mutation of the coronavirus receded. However, importers' dollar demand capped large gains in the local unit. The rupee ended at 75.55 per dollar against 75.60 in the previous session.
- ❖ Repo: The weighted average call rates in the interbank segment decreased to 3.38% vs 3.54% as on previous day, while that in the TREP segment decreased to 3.43% vs 3.56% as on previous day.

Market Observations

G-sec

- Yields settled largely unchanged today as investors awaited the release of minutes of the Monetary Policy Committee's December meeting to gauge the pace of further normalization steps.

Corporate Bonds

- Activity was witnessed across all segments.

CP

- The 1-3 month segment was most active.

CD

- The 3 month maturity papers were in demand.

GOI Yield	22-Dec	21-Dec	17-Nov	23-Nov
1 Year	4.240	4.170	4.080	4.070
5 Year	5.806	5.826	5.678	5.697
10 Year	6.465	6.469	6.361	6.365

AAA Bmk	22-Dec	21-Dec	17-Nov	23-Nov
1 Year	4.65	4.65	4.35	4.35
5 Year	6.15	6.15	6.00	6.00
10 Year	6.90	6.90	6.87	6.87

CD	22-Dec	21-Dec	17-Nov	23-Nov
3 Month	3.65	3.65	3.65	3.65
6 Month	3.95	3.95	3.95	3.95
1 Year	4.40	4.40	4.15	4.40

CP	22-Dec	21-Dec	17-Nov	23-Nov
3 Month	4.30	4.30	4.05	4.20
6 Month	4.75	4.75	4.60	4.60
1 Year	4.90	4.90	4.85	4.90

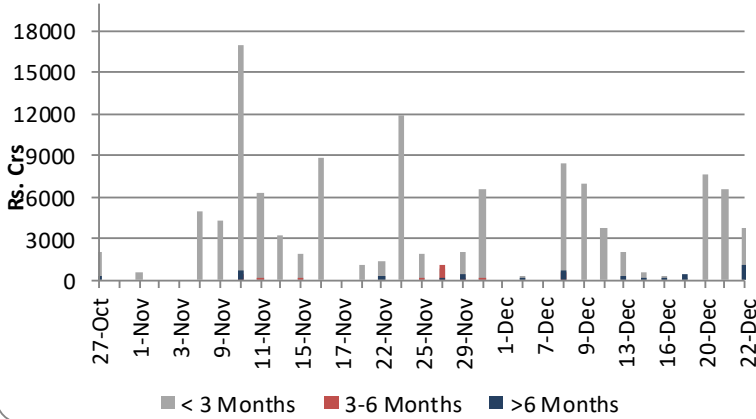
OIS Rate	22-Dec	21-Dec	17-Nov	23-Nov
1 Year	4.36	4.39	4.32	4.38
2 Year	4.85	4.86	4.89	4.89
3 Year	5.11	5.12	5.17	5.18
5 Year	5.36	5.35	5.53	5.51

	22-Dec	21-Dec	17-Nov	23-Nov
Sensex	56,931	56,319	60,008	58,664
Nifty	16,955	16,771	17,899	17,503
USD/INR	75.55	75.60	74.27	74.42
Gold (USD)	1,791	1,788	1,867	1,790
Oil (USD)	74.04	73.98	80.28	82.31

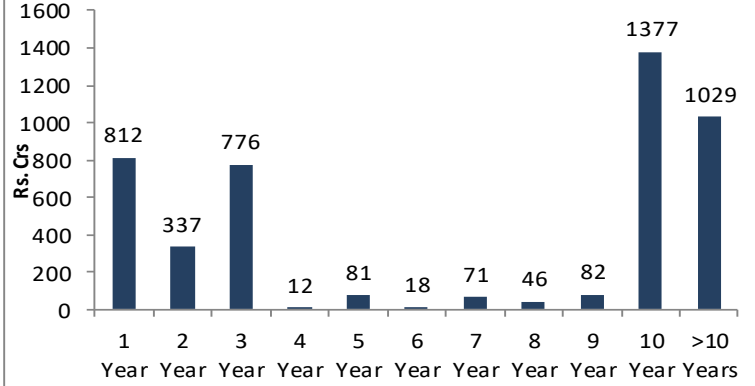
NDF	22-Dec	21-Dec	17-Nov	23-Nov
3 Month	76.28	76.40	74.95	75.18
1 Year	79.06	79.17	77.75	77.94
2 Year	82.63	82.77	81.39	81.73
3 Year	86.51	86.62	85.14	85.51



CP Primary Volume



Bonds Volume



10 Year Benchmarks	22-Dec	21-Dec	17-Nov	23-Nov
India	6.47	6.47	6.36	6.36
US	1.48	1.47	1.59	1.68
South Korea	2.15	2.10	2.36	2.40
Russia	8.42	8.46	8.23	8.66
Brazil	10.57	10.57	11.79	11.66
Germany	-0.28	-0.30	-0.24	-0.23
China	2.84	2.86	2.93	2.92

Top Traded Securities	Volume	22-Dec	21-Dec	17-Nov	23-Nov
5.15 GOI 2025	3,400	5.64	5.63	5.44	5.45
5.63 GOI 2026	60	5.81	5.79	5.68	5.70
5.74 GOI 2026	10,225	5.82	5.83	5.74	5.74
6.10 GOI 2031	345	6.46	6.47	6.36	6.36
6.64 GOI 2035	-	6.88	6.86	6.78	6.79
6.67 GOI 2035	25	6.87	6.87	6.77	6.77

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
8-Dec-21	4674	3760	915

EQUITY		
Gross Purchase	Gross Sales	Net Investment
9485	6341	3144

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
14159	10100	4059

DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
22-Dec-21	415	310	105

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6327	6630	-303

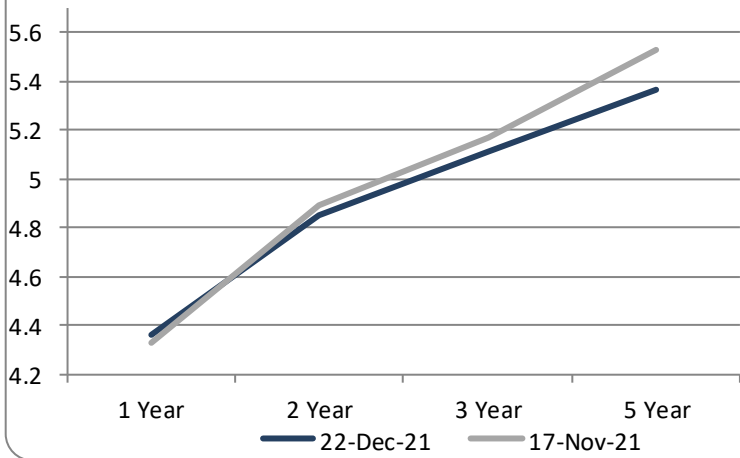
TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
6741	6940	-198

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-21	8.4	20.1
CAD (\$ Bn)	Jun-21	6.5	-8.1
Trade Deficit (\$ Bn)	Jun-21	-30.7	-41.7
WPI (%)	Nov-21	14.2	12.5
CPI (%)	Nov-21	4.9	4.5
IIP (%)	Oct-21	3.2	3.3
PMI Manufacturing	Nov-21	57.6	55.9
PMI Service	Nov-21	58.1	58.4

Economic Calender	Country	Date	Poll	Prior
Exports	Japan	16-Dec-21	21.20	9.40
Imports	Japan	16-Dec-21	40.00	26.70
Retail Sales	UK	17-Dec-21	4.20	(1.30)
GDP	UK	22-Dec-21	-	6.60
GDP Final	USA	22-Dec-21	2.10	2.10
CPI	Japan	24-Dec-21	-	0.10
Retail Sales	Japan	27-Dec-21	-	0.90
Unemployment Rate	Japan	28-Dec-21	-	2.70



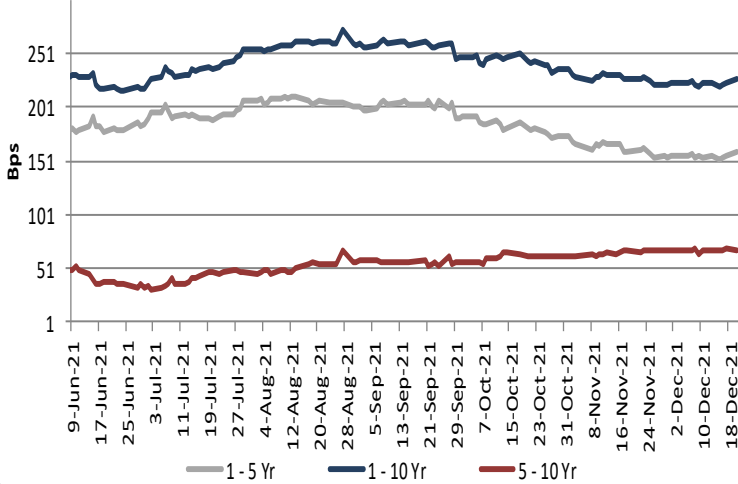
OIS Curve



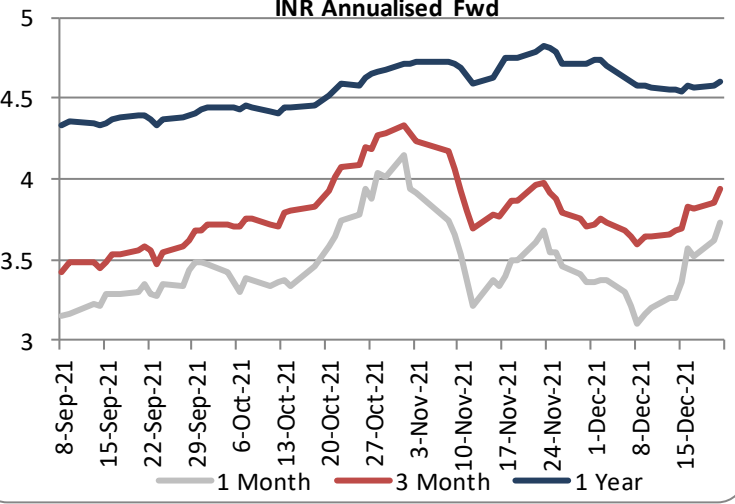
USD/INR



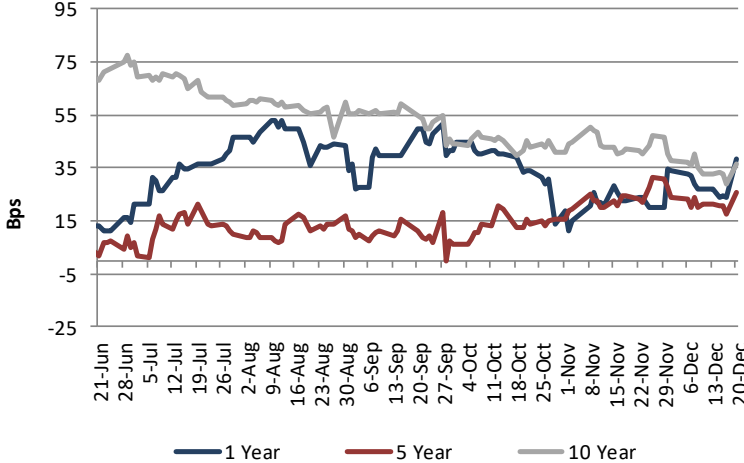
GOI Spread



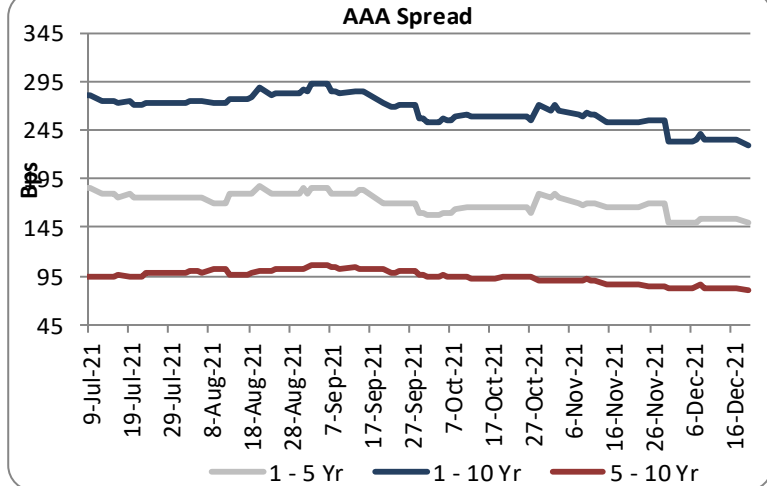
INR Annualised Fwd

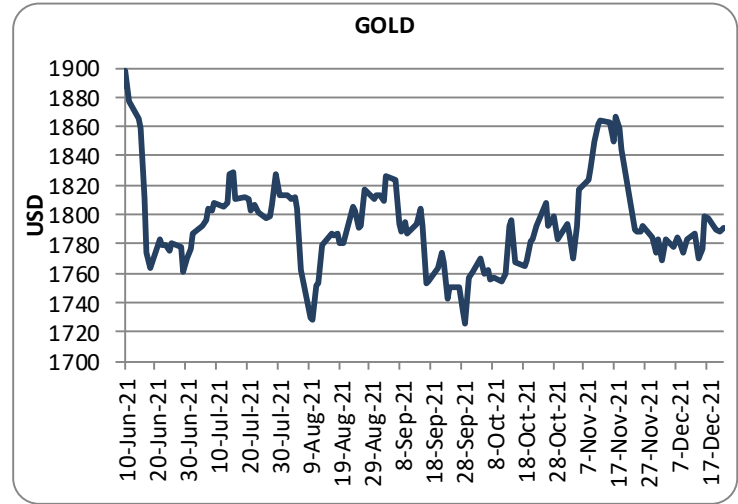
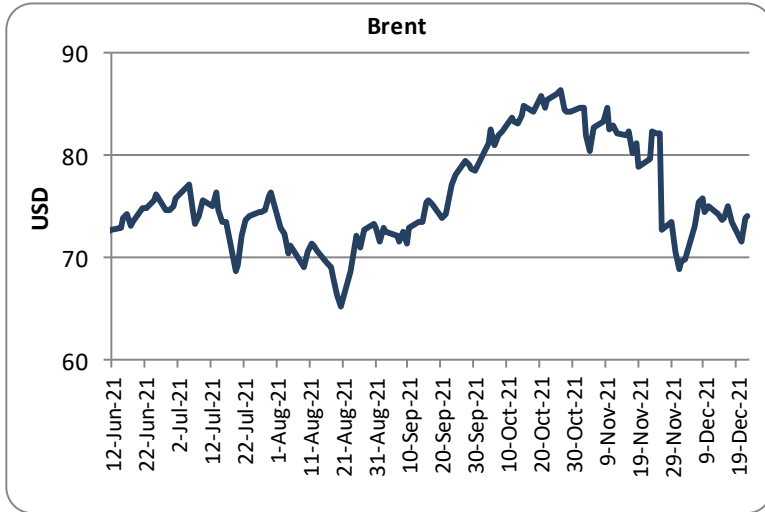


AAA/Gsec Spread



AAA Spread





Sources: Reserve Bank of India, Bloomberg, Reuters, CCIL and FIMMDA.

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