



## INDIA

- ❖ The benchmark 6.10% bond maturing in 2031 ended at 96.56 rupees, its lowest since issuance on Jul. 9, with the yield at 6.59%, the highest since Jan. 31, 2020. The note had ended at 96.72 rupees and a 6.57% yield yesterday.
- ❖ Retail inflation rate accelerated to 5.59% in December vs 4.91% previously and quickened for the third straight month, government data showed today driven by higher food prices and telecom tariffs, keeping alive bets of monetary policy normalization this calendar year. Core inflation is however sticky at 6.10%.
- ❖ Oil prices rose, with the benchmark Brent crude futures rising to \$84.35 per barrel, the highest in two months amid bets that the spread of the Omicron variant will not derail demand for fuel.
- ❖ The Govt. will raise 240 billion rupees through a sale of bonds on Friday, including the new 2032 note for 130 billion rupees, which was traded at a yield of 6.53% in the 'when issued' segment. Traders expect the cut-off yield on the 2032 security to be around five basis points below the current benchmark 6.10% 2031 bond.
- ❖ The Indian rupee gave up day's early gains to close unchanged against the U.S. currency, amid importers' dollar demand and an upbeat risk appetite in the region. The rupee ended at 73.91 per dollar at 3:30 p.m., unchanged from previous session. It had risen to 73.78 earlier in the day, its highest since Sep. 28.
- ❖ Repo: The weighted average call rates in the interbank segment decreased to 3.33% vs 3.36% as on day before yesterday, while that in the TREP segment decreased to 3.39% vs 3.48% as on day before yesterday.

GOI Yield	12-Jan	11-Jan	8-Dec	15-Dec
1 Year	4.360	4.330	4.120	4.170
5 Year	6.018	6.008	5.660	5.694
10 Year	5.593	6.570	6.347	6.364

AAA Bmk	12-Jan	11-Jan	8-Dec	15-Dec
1 Year	4.80	4.80	4.45	4.45
5 Year	6.28	6.28	5.98	5.98
10 Year	7.00	7.00	6.85	6.80

CD	12-Jan	11-Jan	8-Dec	15-Dec
3 Month	3.80	3.80	3.65	3.65
6 Month	4.00	4.00	3.95	3.95
1 Year	4.60	4.60	4.40	4.40

CP	12-Jan	11-Jan	8-Dec	15-Dec
3 Month	4.10	4.10	4.00	4.30
6 Month	4.70	4.70	4.65	4.75
1 Year	5.10	5.10	4.80	4.90

OIS Rate	12-Jan	11-Jan	8-Dec	15-Dec
1 Year	4.40	4.38	4.25	4.29
2 Year	4.92	4.91	4.75	4.78
3 Year	5.24	5.23	5.02	5.06
5 Year	5.57	5.57	5.32	5.35

	12-Jan	11-Jan	8-Dec	15-Dec
Sensex	61,150	60,617	58,650	57,788
Nifty	18,212	18,056	17,470	17,221
USD/INR	73.91	73.91	75.45	76.23
Gold (USD)	1,821	1,822	1,782	1,777
Oil (USD)	84.23	83.72	75.82	73.88

NDF	12-Jan	11-Jan	8-Dec	15-Dec
3 Month	74.79	74.49	76.09	77.08
1 Year	77.29	77.09	78.57	79.71
2 Year	80.92	80.62	82.42	83.16
3 Year	84.64	83.85	86.26	87.11

### Market Observations

#### G-sec

- Bond yields ended higher, with the benchmark yield rising to its highest in two years, on expectations of a spike in retail inflation that could impact monetary policy actions. U.S. consumer prices rose 7% in Dec which strengthens expectations that the Fed will raise rates as early as March. India 10Yr Gsec is expected to open a 1-2 BPS higher in the next trading session tracking US Yields, however, domestic CPI came in lower than expectations.
- 2 month maturity papers were down by 5 BPS.
- T-Bill cut-off came in line with market expectations.

#### Corporate Bonds

- Traction was observed in the 2-4 year segment. Traders and investors have shown keen interest in the 7-10 year end of the yield curve. FPIs have been trading on the sidelines amidst Covid uncertainty.

#### CP

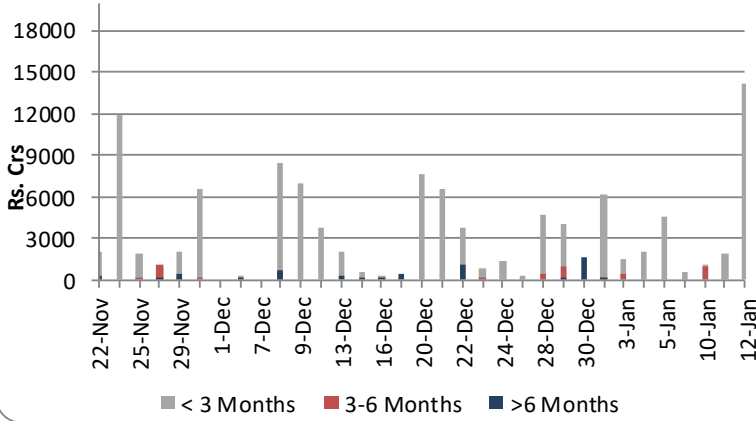
- The 1-3 month shorter end segment witnessed very high activity.

#### CD

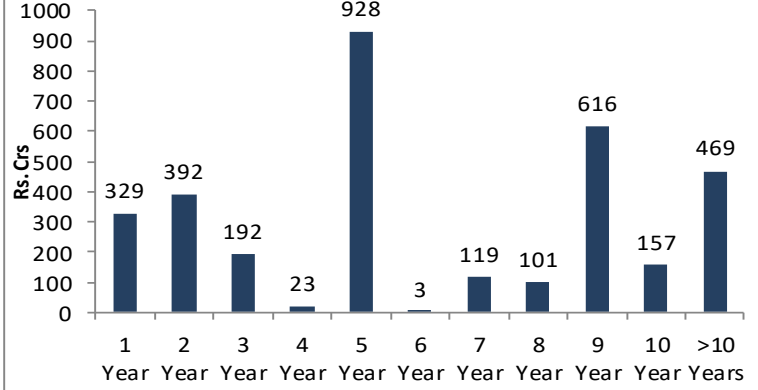
- Levels were unchanged as the market was rather subdued. Short term rates are expected to rise in the next couple of days owing to narrowing banking system liquidity.



**CP Primary Volume**



**Bonds Volume**



10 Year Benchmarks	12-Jan	11-Jan	8-Dec	15-Dec
India	6.59	6.57	6.35	6.36
US	1.72	1.75	1.53	1.46
South Korea	2.43	2.49	2.19	2.17
Russia	8.69	8.69	8.61	8.57
Brazil	11.25	11.25	10.85	10.57
Germany	-0.07	-0.03	-0.31	-0.36
China	2.80	2.80	2.86	2.85

Top Traded Securities	Volume	12-Jan	11-Jan	8-Dec	15-Dec
5.15 GOI 2025	565	5.79	5.79	5.44	5.49
5.63 GOI 2026	70	5.94	5.93	5.66	5.69
5.74 GOI 2026	3,825	6.02	6.01	5.69	5.73
6.10 GOI 2031	155	6.59	6.57	6.35	6.36
6.64 GOI 2035	-	7.05	7.04	6.77	6.78
6.67 GOI 2035	-	7.05	7.03	6.74	6.76

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
5-Jan-22	4507	3369	1138

EQUITY		
Gross Purchase	Gross Sales	Net Investment
5343	4174	1169

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
9850	7543	2306

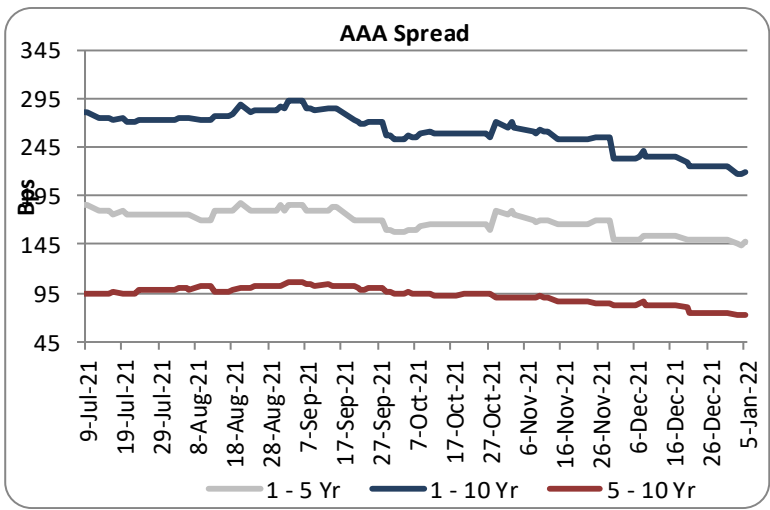
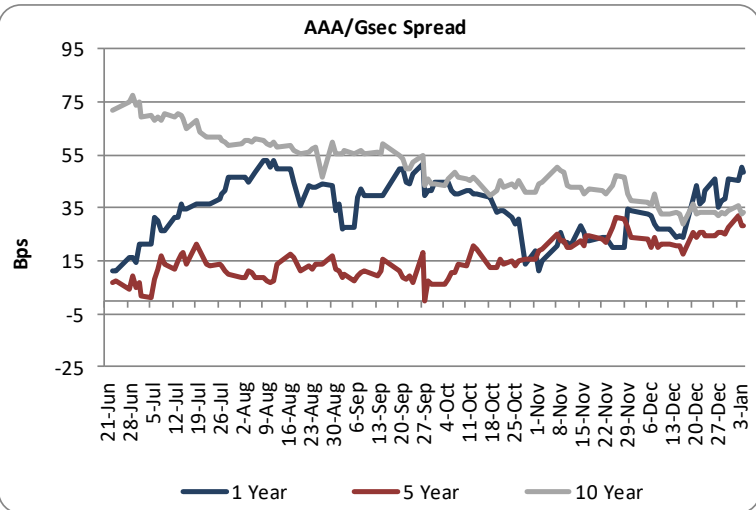
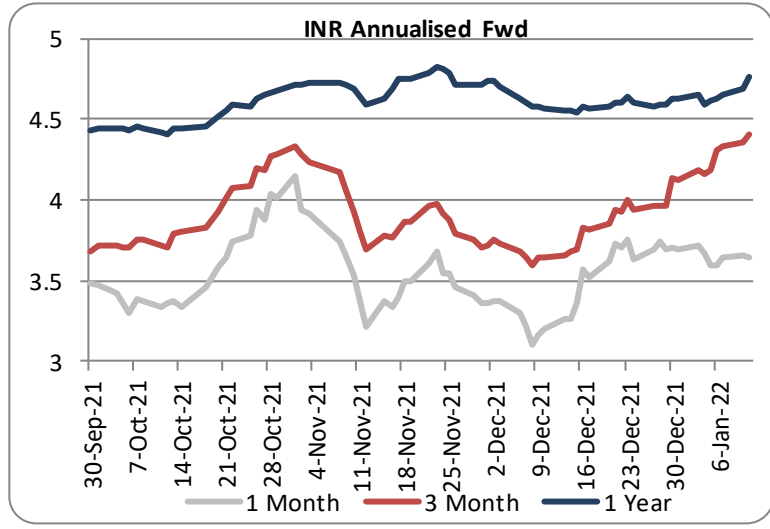
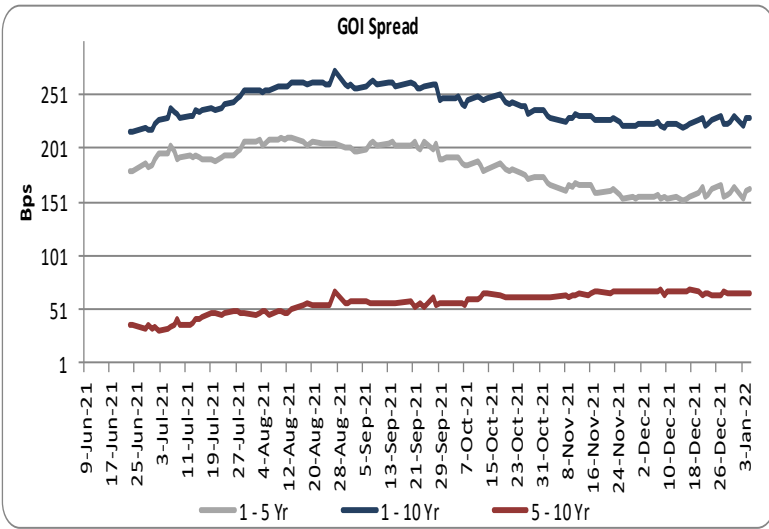
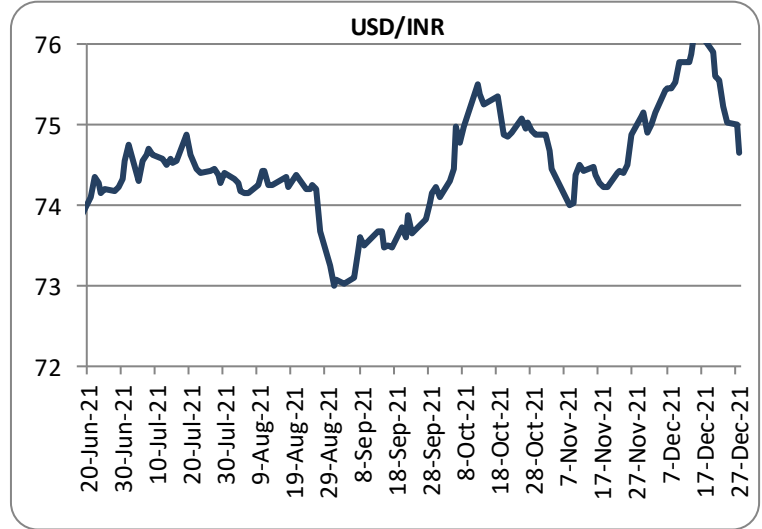
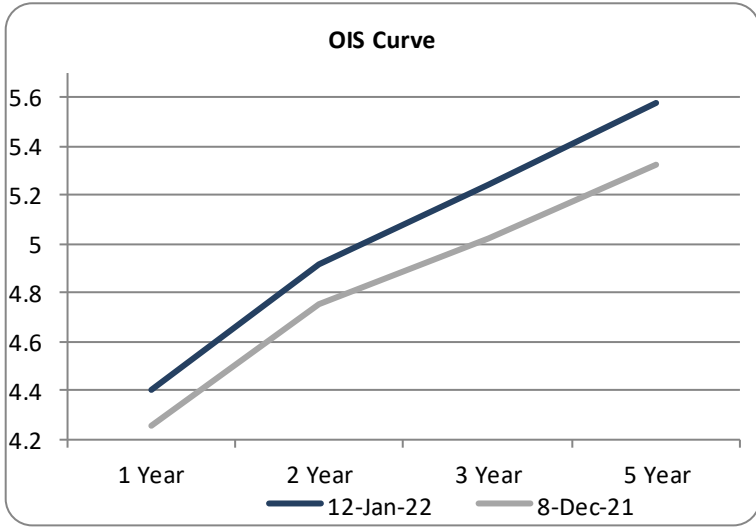
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
12-Jan-22	0	236	270

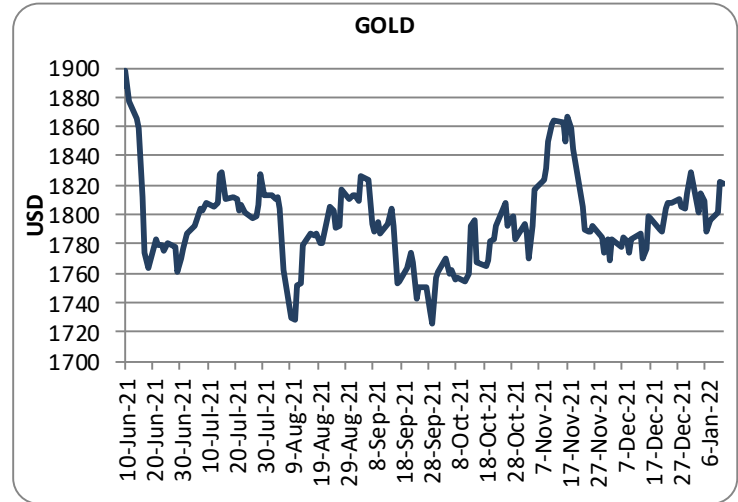
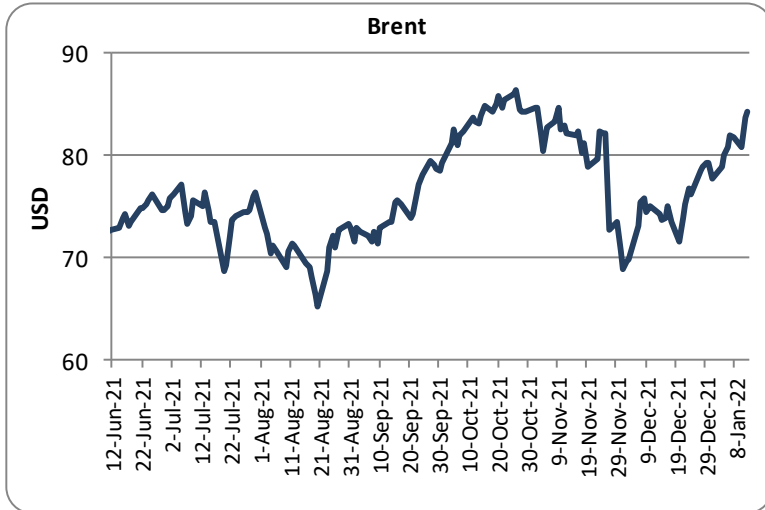
EQUITY		
Gross Purchase	Gross Sales	Net Investment
7965	7561	403

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
7965	7797	673

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-21	8.4	20.1
CAD (\$ Bn)	Sep-21	-9.6	6.6
Trade Deficit (\$ Bn)	Sep-21	-44.4	-30.7
WPI (%)	Nov-21	14.2	12.5
CPI (%)	Dec-21	5.6	4.9
IIP (%)	Nov-21	1.4	3.2
PMI Manufacturing	Dec-21	55.5	57.6
PMI Service	Dec-21	55.5	58.1

Economic Calender	Country	Date	Poll	Prior
CPI	China	12-Jan-22	1.80	2.30
CPI	Czech Republic	12-Jan-22	-	6.00
CPI	India	12-Jan-22	5.80	4.91
Industrial Output	India	12-Jan-22	3.00	3.20
CPI	Russia	12-Jan-22	8.20	8.40
Imports	China	14-Jan-22	26.30	31.70
Industrial Output	UK	14-Jan-22	0.50	1.40
Retail Sales	Brazil	14-Jan-22	(6.50)	(7.10)





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

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