BONDWATCH

INDIA

Daily

March 22, 2024

Indian government bond yields ended higher on Friday as states surprised the market with plans of another record debt sale in the holiday-truncated last week of the financial year.

The benchmark 10-year yield ended at 7.0927%, following its previous close of 7.0477%.

Indian states aim to raise a record 600.32 billion rupees ($7.19 billion) through bonds on Tuesday, after selling 502 billion rupees and 240 billion rupees through two separate auctions this week. Bond supply from states this fiscal year is set to rise to an all-time high of more than 10 trillion rupees.

Meanwhile, U.S. bond yields continued to remain choppy with an upside bias, as recent economic data have raised concerns over the timing of rate cuts from the Federal Reserve.

The 10-year U.S. yield stayed around 4.25% in Asian hours, while the two-year U.S. yield was at 4.6105%.

The release of recent data, including reports showing inflation is not falling as fast as hoped by Fed policymakers, has raised questions among traders about the widely expected June start to the U.S. central bank's rate cuts.

The Fed this week maintained its outlook for three rate cuts in 2024. Market participants have increased their bets that the US central bank will cut rates by June to 73%.

The Indian rupee weakened 0.33% versus the U.S. dollar, and quoted at 83.65 per dollar, falling to a record low against the dollar, pressured by a drop in the offshore Chinese yuan and strong local dollar demand.

Repo: The weighted average call rates in the interbank segment increased to 6.70% vs 6.63% as on the previous day while that the TREP segment increased to 6.76% vs 6.73% as on the previous day.

Market Observations

G-sec

- Market opened flat but got given over course of day as rupee slipped. G-sec got given by almost 4.5 bps.

- Selling was seen in 10 to 12 year SDLs @7.43 centric levels by insurance companies.

Corporate Bonds

- Major activity was seen in the MMY segment and the 2025-2027 segment.

- Mutual funds were active on the buying as well as selling side.

CP/CD

- Major activity was seen in the shorter to 3-month and 1-year segment.

GOI Yield	22-Mar	21-Mar	15-Mar	22-Feb
1 Year	7.080	7.050	7.010	7.130
5 Year	7.108	7.060	7.074	7.047
10 Year	7.093	7.048	7.064	7.068

AAA Bmk	22-Mar	21-Mar	15-Mar	22-Feb
1 Year	7.87	7.87	7.80	7.90
5 Year	7.62	7.61	7.60	7.61
10 Year	7.53	7.53	7.53	7.55

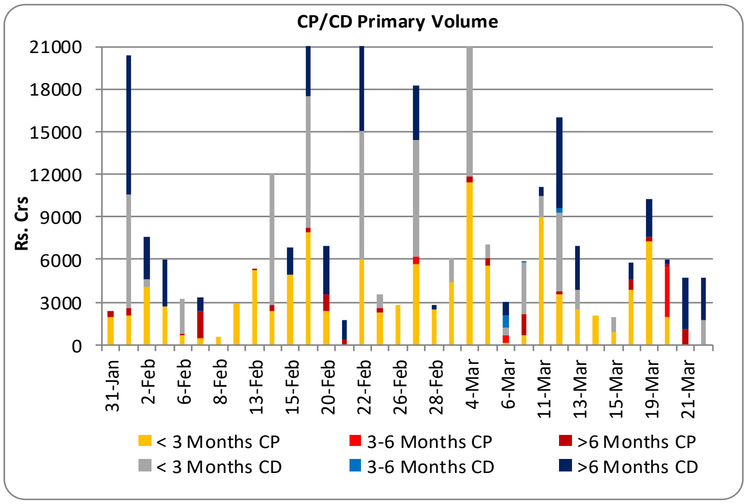
CD	22-Mar	21-Mar	15-Mar	22-Feb
3 Month	7.70	7.60	7.62	7.75
6 Month	7.75	7.75	7.65	7.80
1 Year	7.68	7.65	7.65	7.78

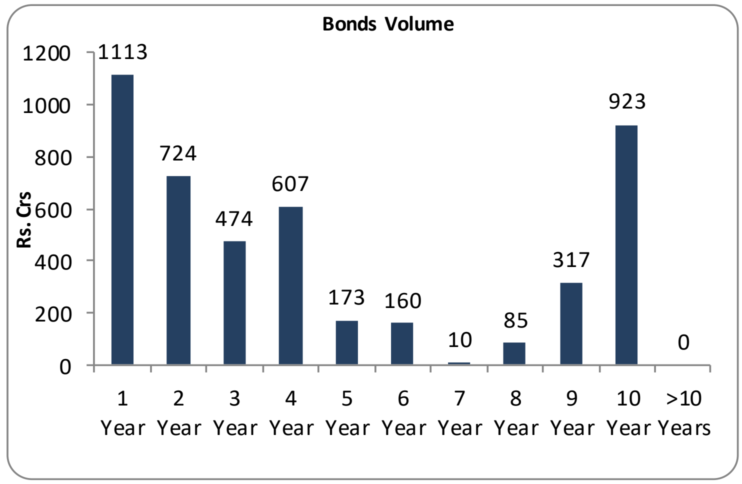
CP	22-Mar	21-Mar	15-Mar	22-Feb
3 Month	7.85	7.80	7.80	7.80
6 Month	7.90	7.90	7.85	7.80
1 Year	7.85	7.85	7.85	7.90

OIS Rate	22-Mar	21-Mar	15-Mar	22-Feb
1 Year	6.77	6.75	6.74	6.71
2 Year	6.49	6.46	6.43	6.40
3 Year	6.44	6.41	6.37	6.37
5 Year	6.39	6.37	6.32	6.34

	22-Mar	21-Mar	15-Mar	22-Feb
Sensex	72,832	72,641	72,643	73,158
Nifty	22,097	22,012	22,023	22,217
USD/INR	83.43	83.15	82.88	82.84
Gold (USD)	2,167	2,181	2,156	2,024
Oil (USD)	85.83	85.78	85.34	83.67

NDF	22-Mar	21-Mar	15-Mar	22-Feb
3 Month	83.84	83.30	83.12	83.16
1 Year	85.03	84.55	84.19	84.25
2 Year	87.29	86.70	86.25	86.39
3 Year	89.95	89.17	88.72	88.84





10 Year Benchmarks	22-Mar	21-Mar	15-Mar	22-Feb
India	7.10	7.05	7.06	7.06
US	4.24	4.27	4.30	4.33
South Korea	3.36	3.41	3.41	3.42
Russia	13.84	13.84	13.69	12.71
Brazil	10.92	10.92	10.87	10.79
Germany	2.37	2.40	2.44	2.44
China	2.31	2.29	2.34	2.41

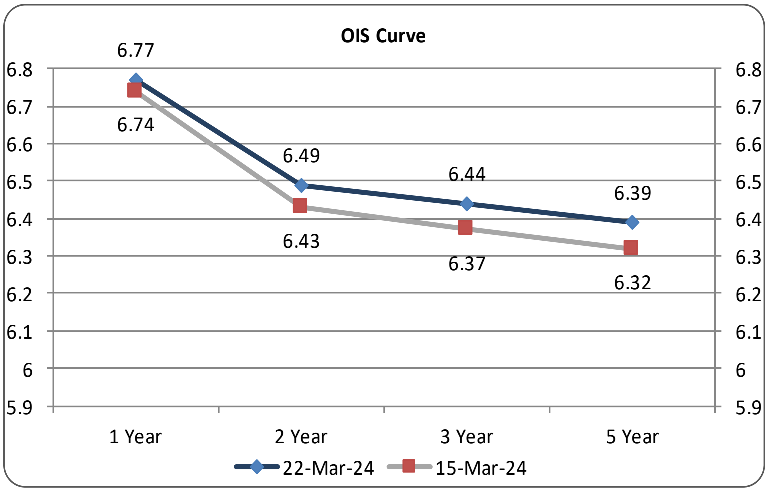
Top Traded Securities	Volume	20-Mar	19-Mar	13-Mar	20-Feb
7.26 2033	35	7.13	7.13	7.07	7.09
7.06 2028	2,790	7.11	7.10	7.05	7.07
7.62 2039	5	7.14	7.14	7.09	7.14
7.30 2053	1,240	7.17	7.17	7.13	7.13
6.64 2035	215	7.16	7.13	7.10	7.13
7.40 2035	920	7.15	7.14	7.09	7.13

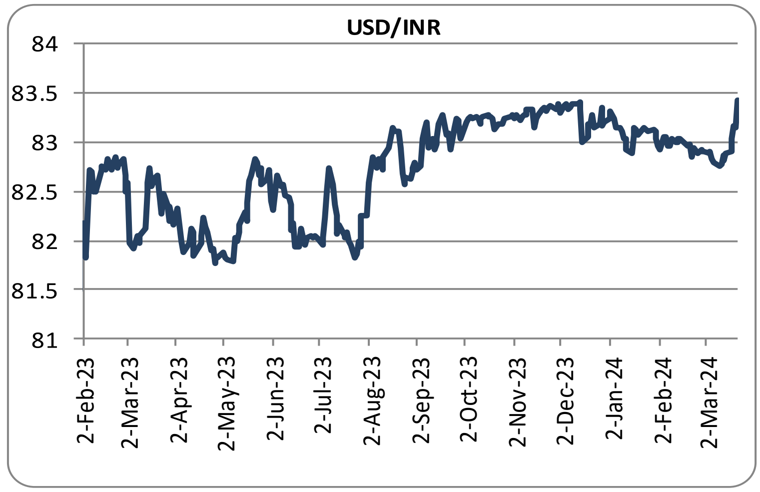
	DEBT			EQUITY			TOTAL (Rs.Crs)		
MF	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
19-Mar-24	13187	7256	5931	21461	21198	264	34649	28454	6195

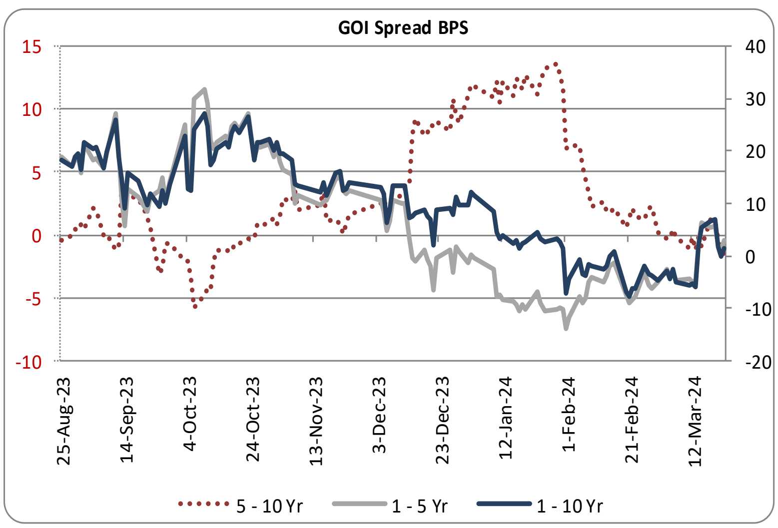
	DEBT			EQUITY			TOTAL (Rs. Crs)		
FII	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
22-Mar-24	1920	978	941	14476	15803	-1327	16396	16781	-386

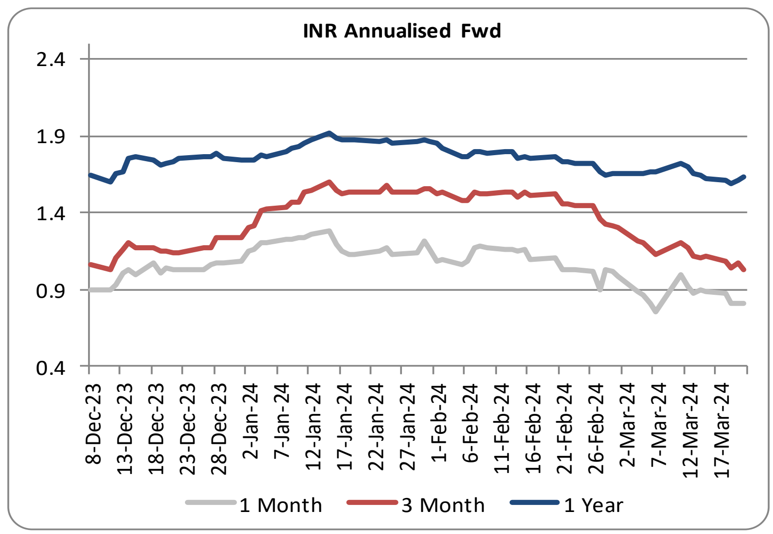
INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-23	8.4	8.1
CAD ($ Bn)	Sep-23	-8.3	-9.2
Trade Deficit ($ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Feb-24	0.2	0.3
CPI (%)	Feb-24	5.1	5.1
IIP (%)	Jan-24	3.8	4.2
PMI Manufacturing	Feb-24	56.9	56.5
PMI Service	Feb-24	60.6	61.8

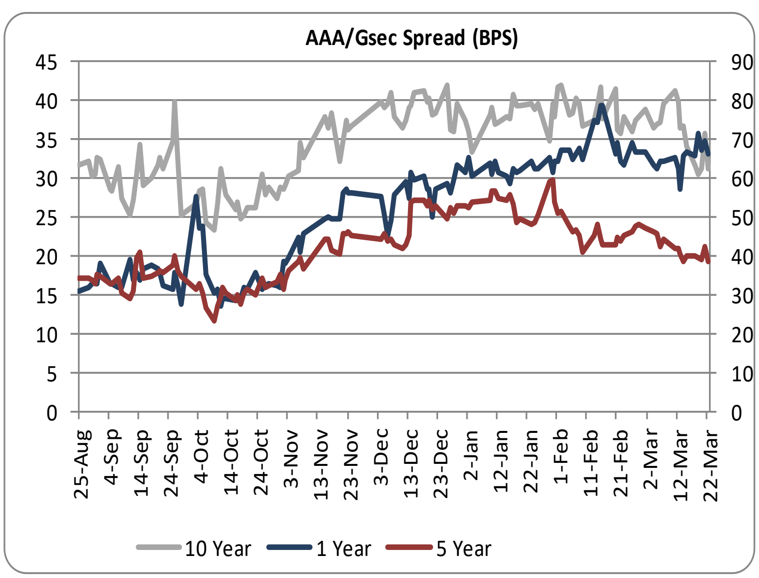
Economic Calender	Country	Date	Poll	Prior
CPI	UK	20-Mar-24	3.5	4
Fed funds target rate	USA	20-Mar-24	5.25-5.5	5.25-5.5
Unemployment rate	Australia	21-Mar-24	4.00	4.10
BOE Bank Rate	UK	21-Mar-24	5.25	5.25
Retail Sales	UK	22-Mar-24	(0.70)	0.70
Unemployment rate	Japan	29-Mar-24	-	2.40
CPI	Germany	02-Apr-24	-	2.50
CPI	Euro Zone	03-Apr-24	-	2.60

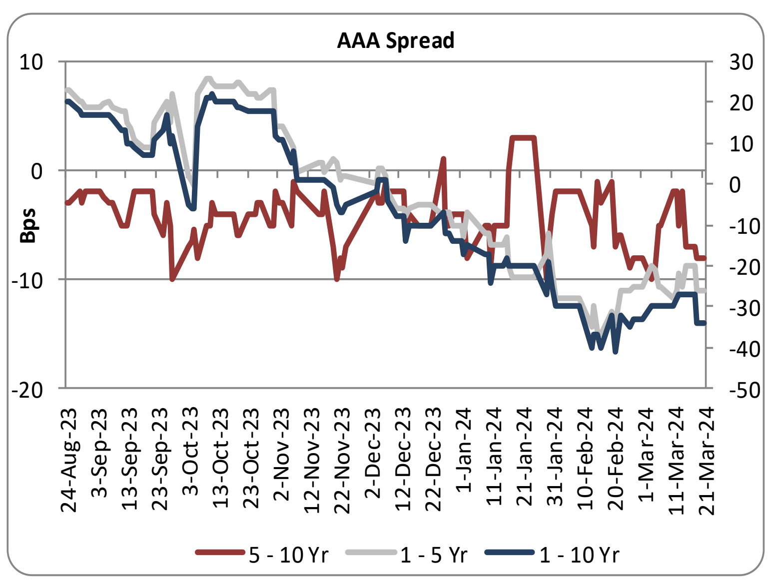

OIS Curve
6.77
6.74
6.49
6.43
6.44
6.37
6.39
6.32
1 Year
2 Year
3 Year
5 Year
22-Mar-24
15-Mar-24

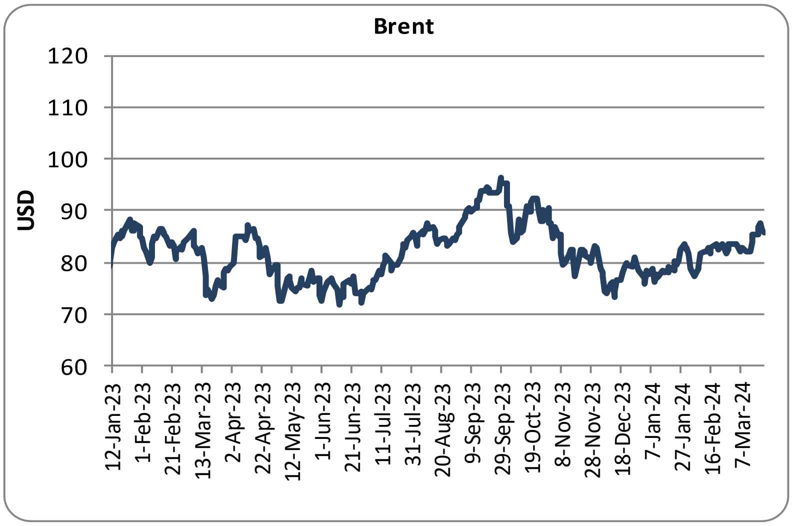

USD/INR
2-Feb-23
2-Mar-23
2-Apr-23
2-May-23
2-Jun-23
2-Jul-23
2-Aug-23
2-Sep-23
2-Oct-23
2-Nov-23
2-Dec-23
2-Jan-24
2-Feb-24
2-Mar-24

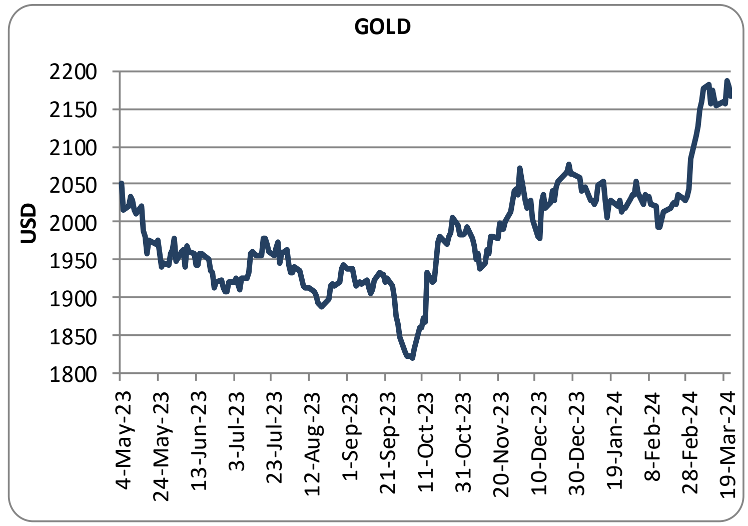

GOI Spread BPS
25-Aug-23
14-Sep-23
4-Oct-23
24-Oct-23
13-Nov-23
3-Dec-23
23-Dec-23
12-Jan-24
1-Feb-24
21-Feb-24
12-Mar-24
5 - 10 Yr
1 - 5 Yr
1 - 10 Yr


INR Annualised Fwd
8-Dec-23
13-Dec-23
18-Dec-23
23-Dec-23
28-Dec-23
2-Jan-24
7-Jan-24
12-Jan-24
17-Jan-24
22-Jan-24
27-Jan-24
1-Feb-24
6-Feb-24
11-Feb-24
16-Feb-24
21-Feb-24
26-Feb-24
2-Mar-24
7-Mar-24
12-Mar-24
17-Mar-24
1 Month
3 Month
1 Year


AAA/Gsec Spread (BPS)
10 Year
1 Year
5 Year


AAA Spread
Bps
5 - 10 Yr
1 - 5 Yr
1 - 10 Yr





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

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