



# BONDWATCH

Daily

March 18, 2024

INDIA

Indian government bond yields rose, with the benchmark bond yield ending close to key technical levels on Monday, as a consistent jump in U.S. Treasury yields, as well as record state debt supply in the week hurt investor sentiment.

The benchmark 10-year yield ended at 7.0871%, the highest closing level since Feb. 16, following its previous close of 7.0644%.

U.S. bond yields continued to rise, with the 10-year yield jumping 22 basis points (bps), and marking a higher close in each of the five trading sessions last week, with the yield hovering around the critical level of 4.30%.

The rise in yields is fueled by indications of a robust economy and elevated inflationary pressures, which have led to concerns over the possibility of fewer interest rate cuts by the U.S. Federal Reserve in 2024.

The Fed policy decision is due on Wednesday amid rising uncertainty about whether the U.S. central bank would start rate cuts later than the widely expected June meeting, with chances of an updated dot plot showing only two cuts in 2024, instead of the previously expected three.

Meanwhile, Indian states announced record issuances and are aiming to raise 502.06 billion Rs. (\$6.06 billion) through bonds on Tuesday.

The Indian rupee weakened 0.03% versus the U.S. dollar, and quoted at 82.91 per dollar, pressured by weakness in Asian currencies and dollar purchases by state-run banks.

Repo: The weighted average call rates in the interbank segment increased to 6.55% vs 6.12% as on the previous day while that the TREP segment remained the same at 6.53% vs 6.53% as on the previous day.

GOI Yield	18-Mar	15-Mar	11-Mar	16-Feb
1 Year	7.020	7.010	7.070	7.090
5 Year	7.075	7.074	7.026	7.076
10 Year	7.087	7.064	7.015	7.097

AAA Bmk	18-Mar	15-Mar	11-Mar	16-Feb
1 Year	7.80	7.80	7.85	8.00
5 Year	7.60	7.60	7.57	7.63
10 Year	7.53	7.53	7.55	7.60

CD	18-Mar	15-Mar	11-Mar	16-Feb
3 Month	7.62	7.62	7.62	7.85
6 Month	6.65	6.65	7.70	7.85
1 Year	7.65	7.65	7.65	7.85

CP	18-Mar	15-Mar	11-Mar	16-Feb
3 Month	7.80	7.80	7.80	7.85
6 Month	7.85	7.85	7.85	7.85
1 Year	7.85	7.85	7.85	7.95

OIS Rate	18-Mar	15-Mar	11-Mar	16-Feb
1 Year	6.75	6.74	6.70	6.71
2 Year	6.45	6.43	6.36	6.41
3 Year	6.41	6.37	6.30	6.38
5 Year	6.35	6.32	6.25	6.35

	18-Mar	15-Mar	11-Mar	16-Feb
Sensex	72,748	72,643	73,503	72,427
Nifty	22,056	22,023	22,333	22,041
USD/INR	82.91	82.88	82.76	83.02
Gold (USD)	2,160	2,156	2,182	2,013
Oil (USD)	85.75	85.34	82.21	83.47

NDF	18-Mar	15-Mar	11-Mar	16-Feb
3 Month	83.09	83.12	82.93	83.32
1 Year	84.23	84.19	84.09	84.46
2 Year	86.23	86.25	86.29	86.61
3 Year	88.90	88.72	88.94	89.26

## Market Observations

### G-sec

- Market witnessed further sell off as 10-Year benchmark reached 7.08 levels.
- Demand was seen in 7 to 10year illiquid G-sec by private banks @7.10+ levels.
- Selling was seen in 2025 and 2026 assets by Banks and foreign banks.

### Corporate Bonds

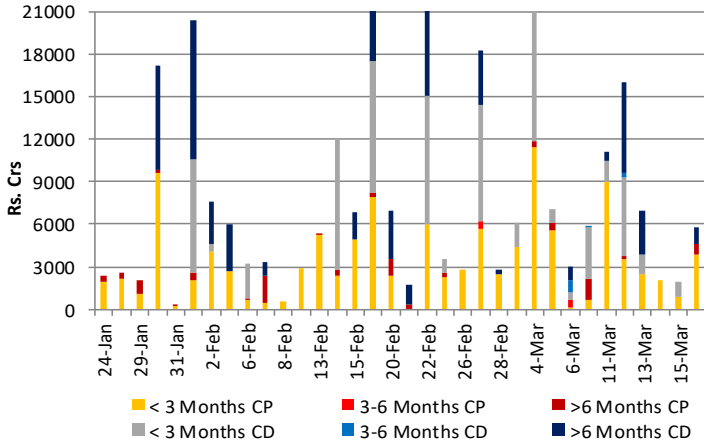
- Banks and insurance companies were active in 2028 and above papers.
- Pension funds were buying in the 10-year segment and Mutual funds were active on the selling as well as buying side in the 2024-2027 segment.

### CP/CD

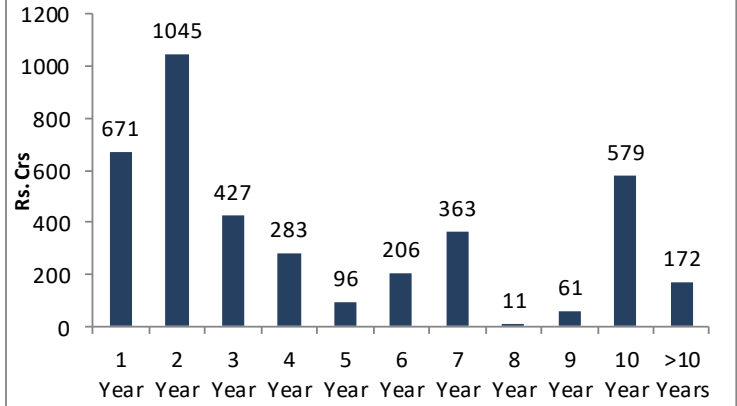
- Major activity was seen in the 1 to 3-month segment.



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	18-Mar	15-Mar	11-Mar	16-Feb
India	7.09	7.06	7.01	7.10
US	4.30	4.30	4.10	4.30
South Korea	3.44	3.41	3.34	3.48
Russia	13.80	13.69	13.26	12.65
Brazil	10.87	10.87	10.82	10.78
Germany	2.46	2.44	2.30	2.40
China	2.29	2.34	2.31	2.46

Top Traded Securities	Volume	14-Mar	13-Mar	7-Mar	14-Feb
7.26 2033	55	7.08	7.07	7.07	7.14
7.06 2028	745	7.06	7.05	7.05	7.11
7.62 2039	-	7.12	7.09	7.13	7.18
7.30 2053	790	7.13	7.13	7.11	7.18
6.64 2035	245	7.12	7.10	7.11	7.16
7.40 2035	550	7.13	7.09	7.09	7.16

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
13-Mar-24	0	292	-292

EQUITY	Gross Purchase	Gross Sales	Net Investment
	0	0	0

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
0	292	-292

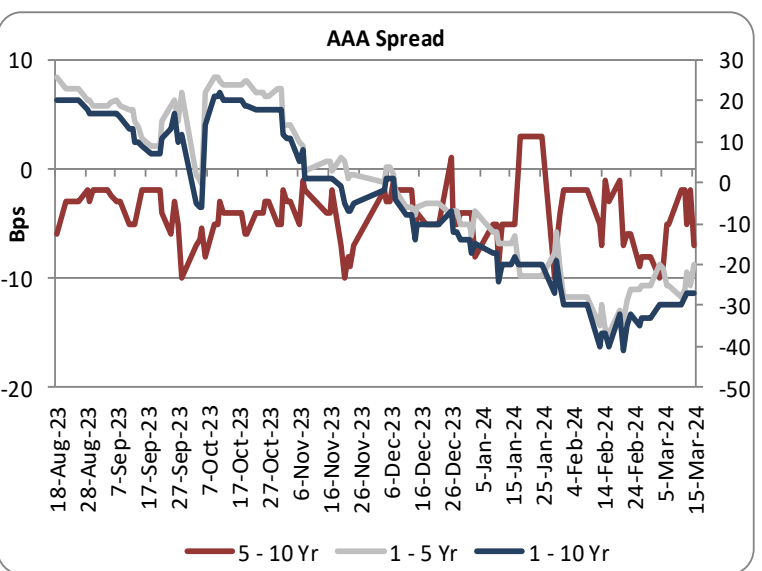
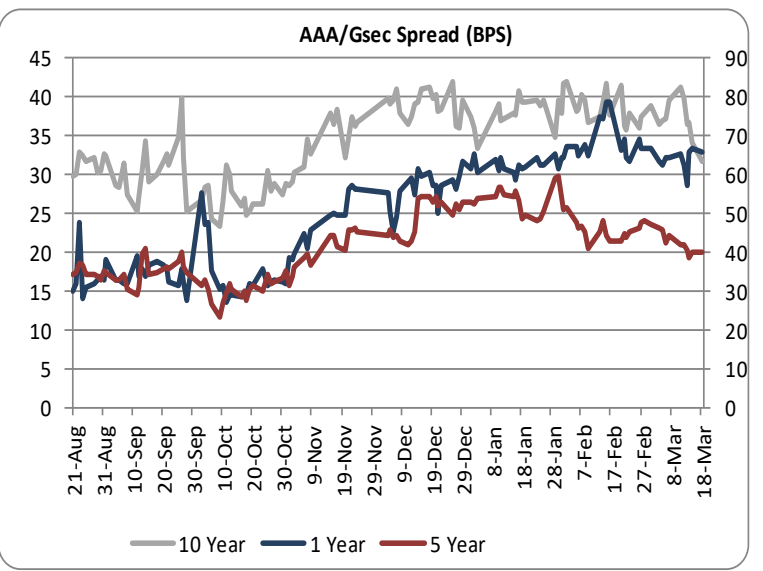
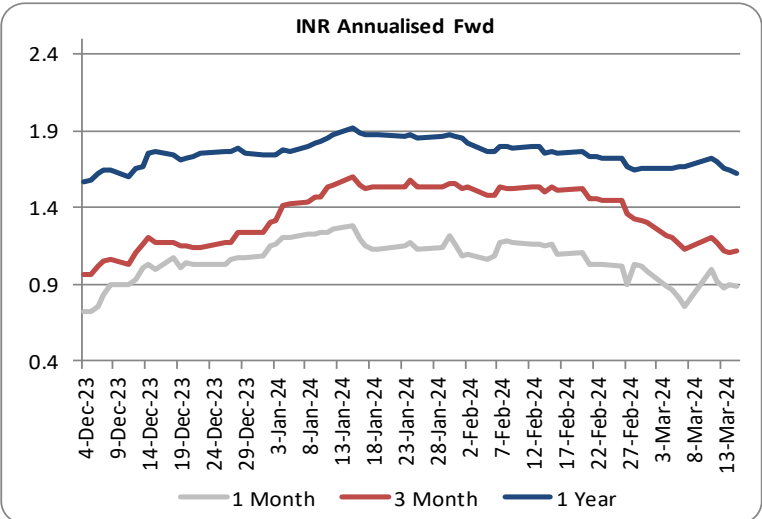
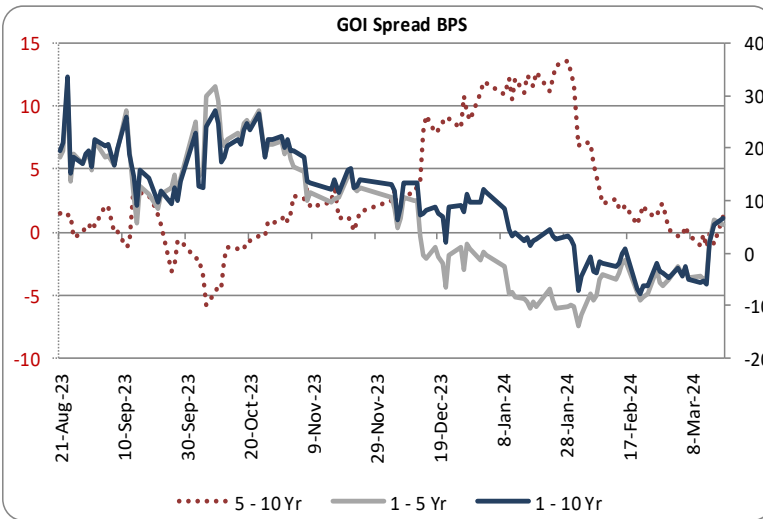
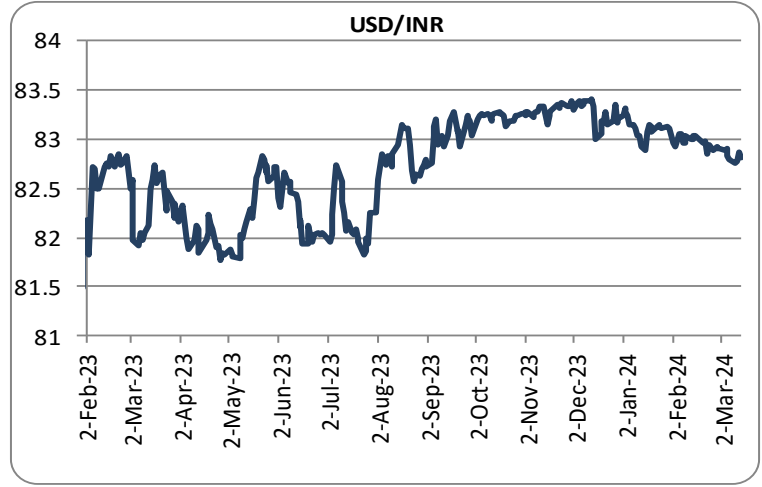
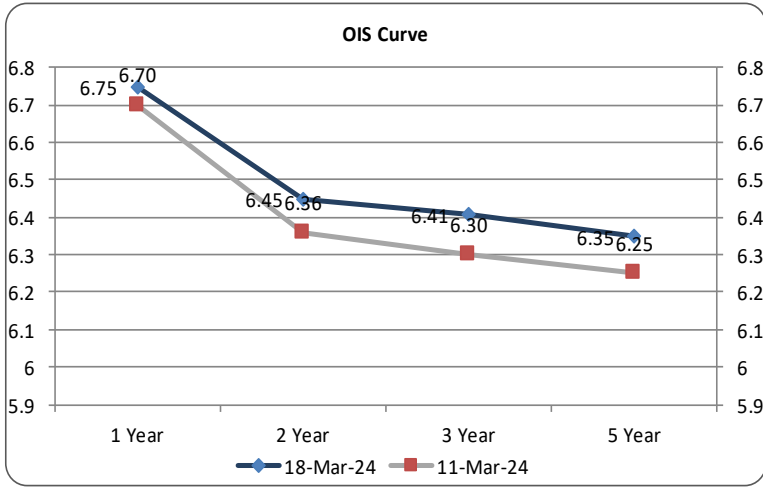
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
18-Mar-24	3101	2145	956

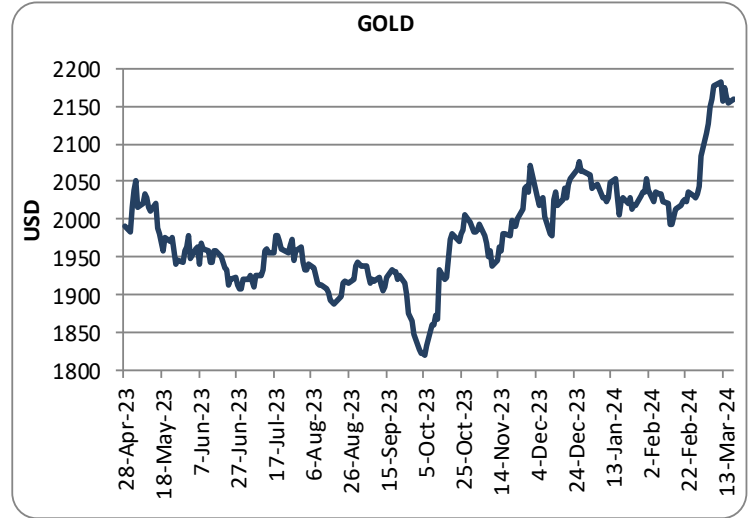
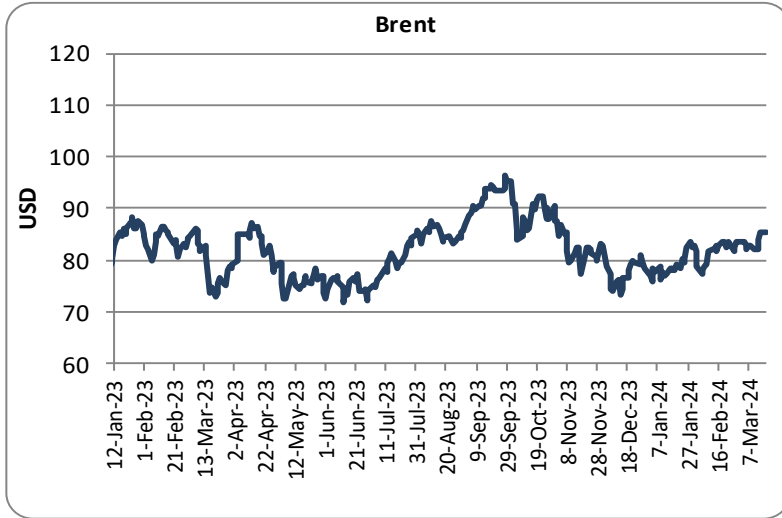
EQUITY	Gross Purchase	Gross Sales	Net Investment
	50330	49557	773

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
53431	51702	1729

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	Germany	12-Mar-24	0	2.5
CPI	India	12-Mar-24	5.02	5.10
CPI	USA	12-Mar-24	3.10	3.10
Industrial Output	UK	13-Mar-24	0.70	0.60
WPI	India	14-Mar-24	0.25	0.27
CPI	Euro Zone	18-Mar-24	-	2.60
Cash Rate	Australia	19-Mar-24	-	4.35
CPI	Canada	19-Mar-24	-	2.90





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

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