



## INDIA

- ❖ The benchmark 6.54% bond maturing in 2032 ended at 98.35 rupees, yielding 6.77%, from 98.50 rupees, and a yield of 6.75% on Friday. The yield traded in a wide 33-basis-points range during the month which was filled with economic events.
- ❖ India's economy grew 5.4% from a year earlier in the three months (Q3 FY22) to Dec. 31, the pace slowing from fiscal second quarter due to waning support from base effects versus previous 8.5% growth. Manufacturing production rose 0.2% in the quarter under review, significantly slower than revised 5.6% expansion in July-September and 8.4% rise in the year-ago period. Farm output expanded 2.6% compared with a 3.7% expansion in the previous quarter and 4.1% in the year-ago period. Construction sector contracted 2.8%, as compared to 8.2% expansion in the previous quarter and 6.6% gain in the year-ago period.
- ❖ The contract was last at \$102.75 per barrel, up 12.6% this month, after rising by 10.2% and 17.3% in December and January respectively.
- ❖ However, bond yields reversed course after the central bank announced a slew of auction cancellations after the budget. The RBI canceled two back-to-back weekly debt sales worth 240 billion rupees each, while a government official said it does not plan to borrow an additional 300 billion rupees that had been cancelled earlier.
- ❖ The Indian rupee logged its biggest monthly decline against the dollar in five, after Russian President Vladimir Putin ordered a military operation in Ukraine, sending investors scurrying to safe-haven assets. The rupee ended at 75.34 per dollar, compared with 75.29 on Friday.
- ❖ Repo: The weighted average call rates in the interbank segment remained unchanged at 3.28% as on previous day while that in the TREP segment decreased to 3.23% vs 3.25% as on previous day.

### Market Observations

#### G-sec

- Bond yields rose for the third consecutive month as worries over record borrowing in the next financial year and a consistent surge in oil prices due to geopolitical tensions dented appetite. The yields were however off highs as a dovish MPC decision along with auction cancellations through the month capped a further rise.
- Higher selling seen in T-bills.

#### Corporate Bonds

- 3–5-year space saw major activity.
- 5-year OIS is at 5.76% today vs 5.54% in January 2022. Brent has breached the \$100 level.
- Current market action indicates steepening of the yield curve.

#### CP/CD

- The shorter end of the curve witnessed most demand (1–3-month papers)
- Banking liquidity surplus currently stands at around seven trillion rupees, with over one trillion rupees set to move out in March and April due to maturing swaps. Liquidity is set to decrease in March due to tax payments, expected credit off take, higher T-bill sales and RBI's USD/INR sell-buy swap on March 8.

GOI Yield	28-Feb	25-Feb	21-Feb	27-Jan
1 Year	4.550	4.490	4.450	4.500
5 Year	6.970	5.935	5.934	6.120
10 Year	6.770	6.765	6.728	6.747

AAA Brmk	28-Feb	25-Feb	21-Feb	27-Jan
1 Year	4.90	4.90	4.85	4.80
5 Year	6.30	6.20	6.12	6.30
10 Year	7.00	7.15	7.10	7.20

CD	28-Feb	25-Feb	21-Feb	27-Jan
3 Month	3.90	3.85	3.75	3.90
6 Month	4.40	4.30	3.85	4.10
1 Year	4.80	4.80	4.70	4.75

CP	28-Feb	25-Feb	21-Feb	27-Jan
3 Month	4.05	4.00	3.80	4.17
6 Month	4.60	4.55	4.20	4.77
1 Year	5.10	5.00	4.80	5.18

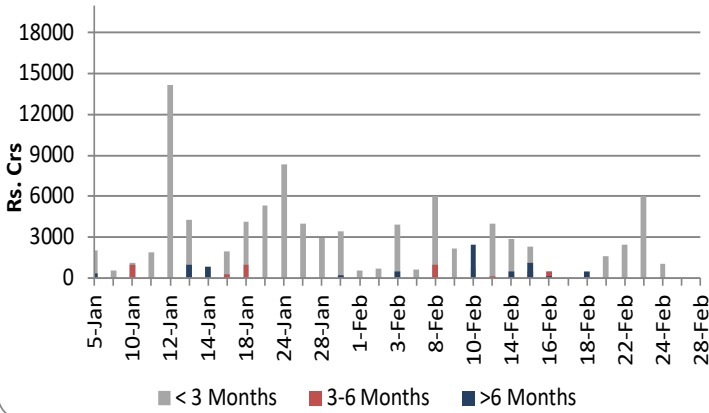
OIS Rate	28-Feb	25-Feb	21-Feb	27-Jan
1 Year	4.32	4.30	4.26	4.49
2 Year	4.87	4.85	4.79	5.04
3 Year	5.30	5.28	5.24	5.38
5 Year	5.76	5.76	5.72	5.70

	28-Feb	25-Feb	21-Feb	27-Jan
Sensex	56,247	55,859	57,684	57,277
Nifty	16,794	16,658	17,207	17,110
USD/INR	75.34	75.29	74.51	75.07
Gold (USD)	1,907	1,888	1,906	1,797
Oil (USD)	102.48	97.93	95.39	89.34

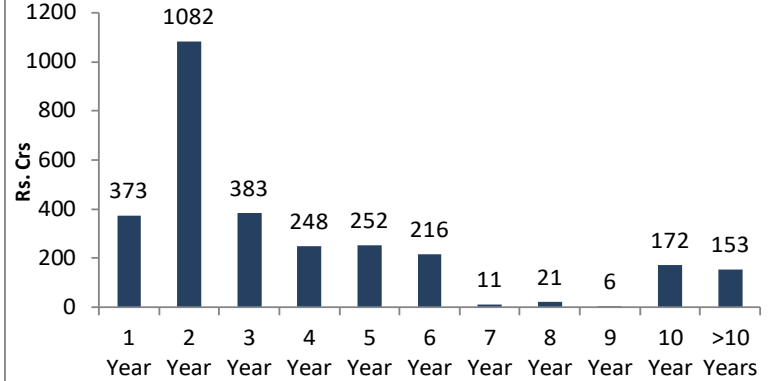
NDF	28-Feb	25-Feb	21-Feb	27-Jan
3 Month	76.22	75.90	75.42	76.05
1 Year	78.57	77.95	77.66	78.54
2 Year	81.91	81.46	81.12	81.93
3 Year	85.46	84.91	84.37	85.94



**CP Primary Volume**



**Bonds Volume**



10 Year Benchmarks	28-Feb	25-Feb	21-Feb	27-Jan
India	6.77	6.75	6.69	6.75
US	1.92	1.97	1.93	1.80
South Korea	2.68	2.67	2.77	2.61
Russia	12.81	12.46	10.60	9.53
Brazil	11.32	11.32	11.45	11.50
Germany	0.20	0.22	0.20	-0.06
China	2.79	2.79	2.84	2.74

Top Traded Securities	Volume	28-Feb	25-Feb	21-Feb	27-Jan
5.15 GOI 2025	990	5.77	5.76	5.69	5.85
5.63 GOI 2026	210	5.97	5.94	5.85	5.98
5.74 GOI 2026	3950	6.05	6.01	5.93	6.12
6.10 GOI 2031	220	6.77	6.77	6.73	6.75
6.64 GOI 2035	0	7.04	7.02	7.01	7.18
6.67 GOI 2035	80	7.01	6.99	6.99	7.18

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
18-Feb-22	2067	1353	714

EQUITY		
Gross Purchase	Gross Sales	Net Investment
2004	696	1308

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
4071	2049	2022

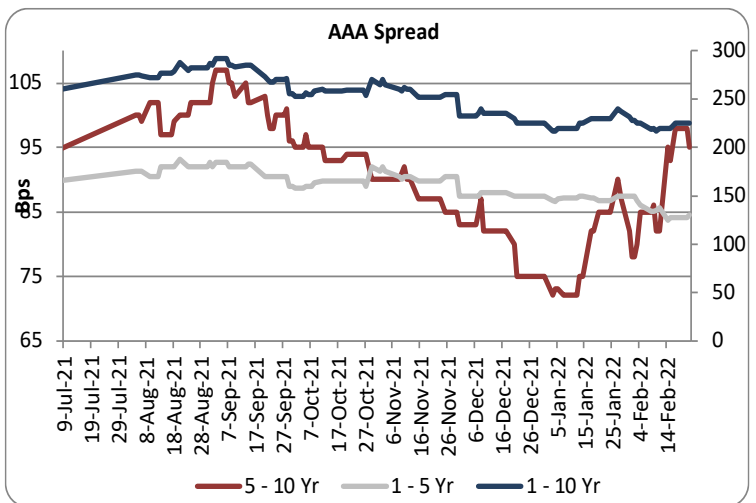
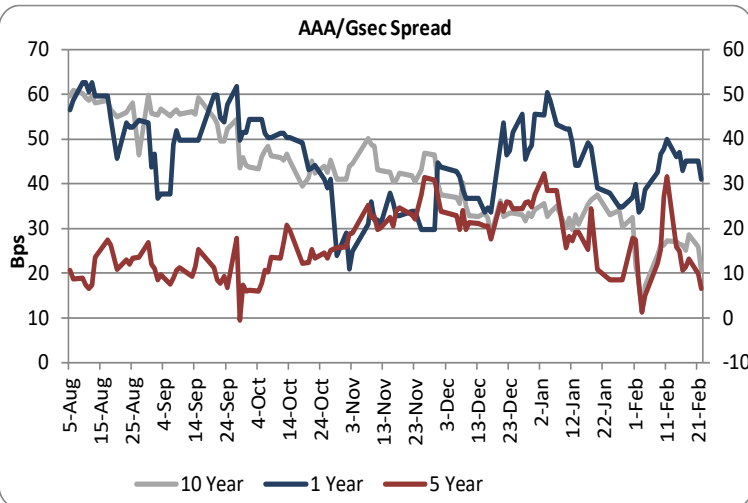
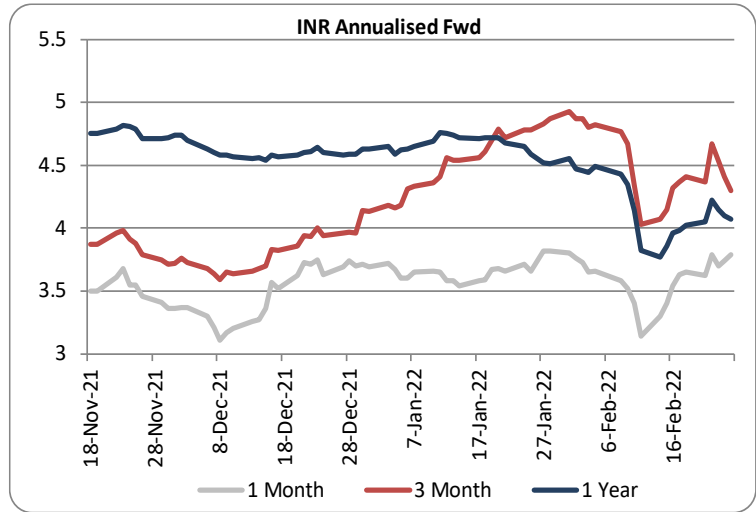
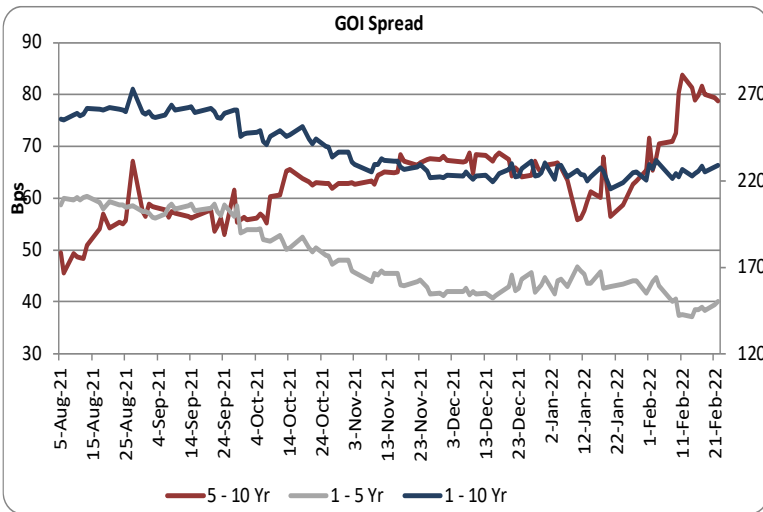
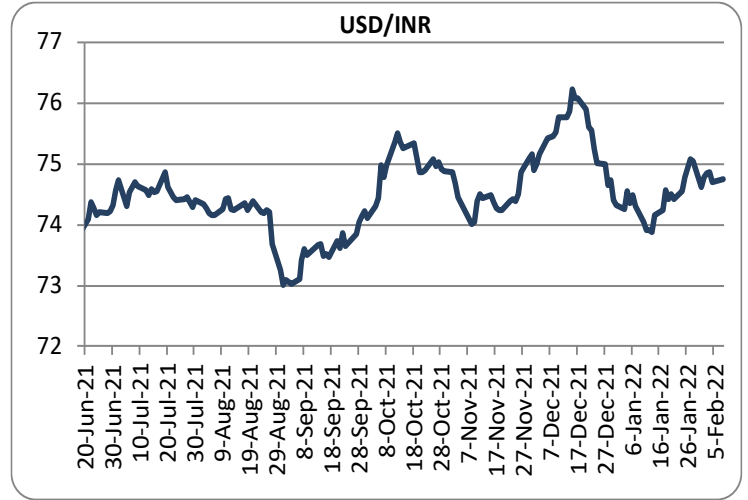
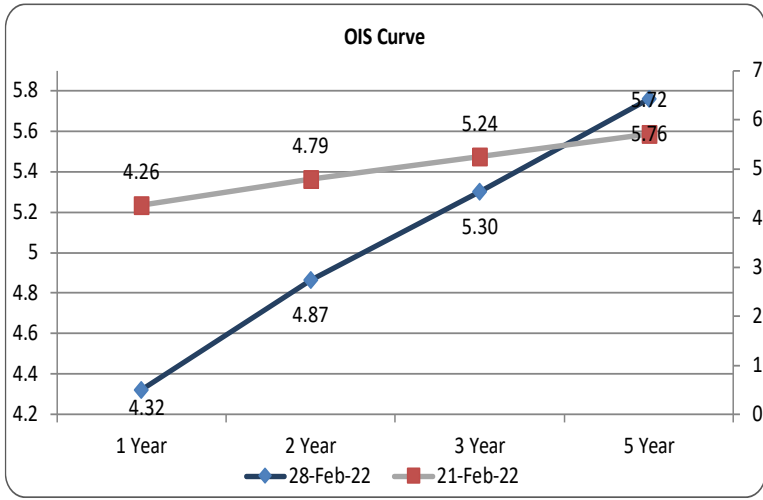
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
28-Feb-22	657	120	537

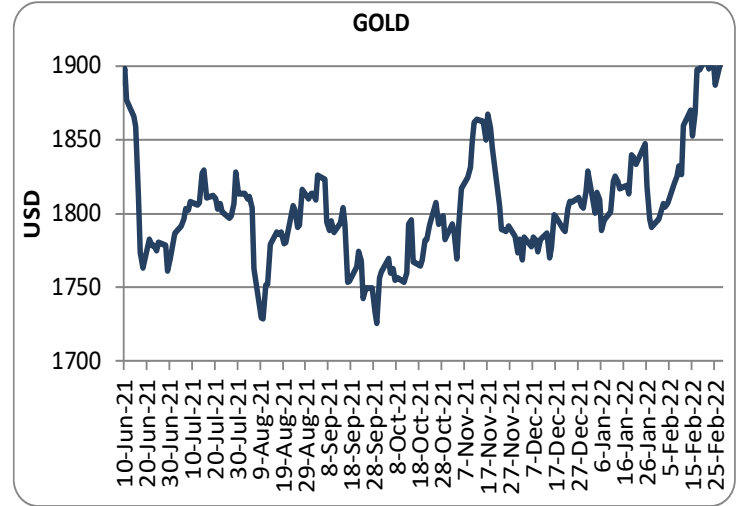
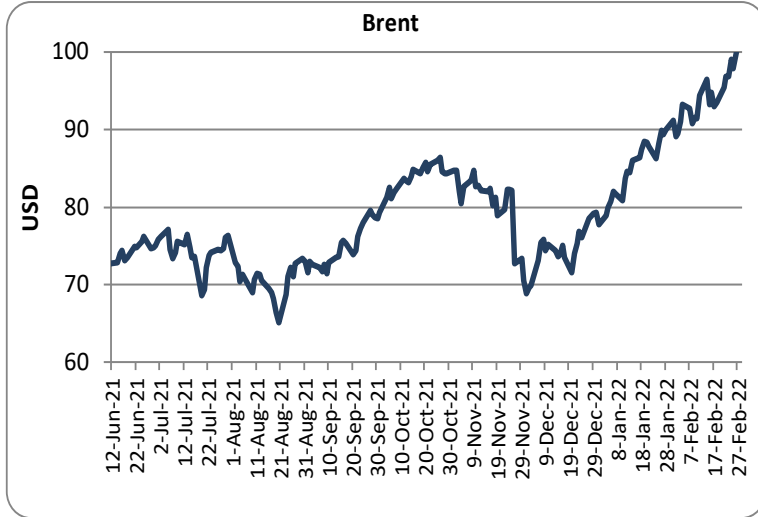
EQUITY		
Gross Purchase	Gross Sales	Net Investment
6251	10685	-4434

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
6909	10805	-3897

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-21	5.4	8.4
CAD (\$ Bn)	Sep-21	-9.6	6.6
Trade Deficit (\$ Bn)	Sep-21	-44.4	-30.7
WPI (%)	Jan-22	13.0	13.6
CPI (%)	Jan-22	6.0	5.7
IIP (%)	Dec-21	0.4	1.4
PMI Manufacturing	Jan-22	54	55.5
PMI Service	Jan-22	51.5	55.5

Economic Calender	Country	Date	Poll	Prior
Retail Sales	Japan	28-Feb-22	1.40	1.20
Exports	Thailand	28-Feb-22	-	23.00
GDP	Switzerland	28-Feb-22	-	4.10
GDP	India	28-Feb-22	6.00	8.40
Unemployment Rate	EuroZone	03-Mar-22	7.00	7.00
CPI	Phillippines	04-Mar-22	-	3.00
GDP	Brazil	04-Mar-22	-	4.00
Unemployment Rate	USA	04-Mar-22	3.90	4.00





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

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