


GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	CHANGE
USD/INR	83.982	0.06
BRENT OIL	71.20	-0.89
GOLD	2535.20	0.10
India 10Y	6.8510	-0.05
US 10YR	3.718	0.60
NIFTY50	25041.10	0.42
SENSEX	81921.29	0.44

G-SEC/BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364DTB	6.60	6.65
G-SEC2028	6.7607	6.764
G-SEC2033	6.8828	6.8814
G-SEC2037	6.9060	6.9072
G-SEC2053	6.9715	6.9794
SDL 2033	7.2042	7.0255
SDL 2037	-	7.1975

YIELD-BASED AUCTION OF STATE GOVERNMENT SECURITIES

Sr. No	State	Amount to be raised (₹ Crore)	Amount Accepted (₹ Crore)	Cut off Yield (%)	Tenure (Year)
1	Bihar	2000	2000	7.21	09
2	Himachal Pradesh	700	700	7.22	15
3	Kerla	1500	1500	7.23	21
4	Maharashtra	1500	1500	100 / 7.1994	10 (R)
		1500	1500	100.18 / 7.2197	15 (R)
		1500	1500	100.0 / 7.2496	20 (R)
		1500	1500	99.85 / 7.2327	25 (R)
5	Mizoram	90	90	7.23	14
6	Tamil Nadu	1000	1000	7.03	05
		1000	1000	7.22	30
7	Telangana	1500	1500	7.22	14
	Total	13,790	13,790		

BOND MARKET

The 10-year benchmark recorded a close of 6.8510%, ending 0.36 bps lower compared to the close of the previous day's trading session. During the day, yields remained in the range of 6.8492 to 6.8524.

DOMESTIC BROADCAST

India's 10-year bond yield holds steady around 6.85%, with minimal volatility expected, ranging between 6.84% and 6.86%. Markets are closely watching U.S. inflation data and Federal Reserve decisions. A Fed rate cut is anticipated on September 18, with a 25-basis point reduction expected, though mixed signals from inflation and payroll data have reduced expectations of a 50-bps cut. U.S. retail inflation data may further influence these predictions.

Money Market Operations on September 9, 2024: ₹527,830.18 crore in the overnight segment at a weighted average rate of 6.33%. Net liquidity absorption: ₹ 134,918.66 crore.

GLOBAL BROADCAST

U.S. wholesale inventories rose 0.2% in July, below the initially estimated 0.3%, following unchanged levels in June. Despite this, strong sales rebounded, raising doubts about inventory investment's contribution to Q3 economic growth. Inventories grew 0.4% year-on-year, and while they supported Q2's 3.0% GDP growth, hopes to remain they might offset the trade deficit's drag on Q3 GDP.

China's trade surplus rose to \$91.02 billion in August, exceeding expectations, as exports grew 8.7% year-on-year despite trade restrictions from the U.S. and its allies. However, slower-than-expected import growth raised concerns about weakening local demand. The export growth came amid tariffs targeting Chinese industries, particularly the electric vehicle sector, with U.S. lawmakers considering additional restrictions on the biotechnology sector.

Gold prices dipped 0.1% in Asian trade on Tuesday, with spot gold at \$2,502.07 an ounce and December futures at \$2,531.0 an ounce, as traders awaited key U.S. inflation data for signals on Federal Reserve interest rate cuts.

SPREAD ANALYSIS

The India 10 Years/United States 10 Years Government Bond spread value is 313.3 bps, 1.56 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1 Year bond spread is 0.46 bp.
5 Years vs 2 Years bond spread is 1.63 bp.
10 Years vs 2 Years bond spread is 10.36 bp.

MARKET OUTLOOK

The market observed strong demand in the SDL auction. The 10-year benchmark yields ended higher than previous day. We expect the yield to fluctuate within the range of 6.85 and 6.87.

INDIA YIELD CURVE
