DAILY REPORT
INDIAN DEBT MARKET
13TH DECEMBER 2024

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	84.839	-0.02
BRENT OIL	73.36	-0.03
GOLD	2704.85	-0.03
INDIA10YR	6.7705	-0.168
US10YR	4.3303	0.22
NIFTY50	24768.30	0.89
SENSEX	82133.12	1.04

G-SEC/BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV DAY
364DTB	6.53	6.43
G-SEC2028	6.6712	6.6749
G-SEC2033	6.7884	6.8072
G-SEC2037	6.8484	6.8673
G-SEC2053	6.9552	6.9827
SDL2027	-	6.8401
SDL2033	7.0996	7.062

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
SHRIRAM FINANCE LIMITED SR PPD XXI OP2 TR3 9.20 NCD 22MY26 FVRS1LAC	8.7789	100.3579
LARSEN AND TOUBRO LIMITED SR 4 8 NCD 23AP30 FVRS10LAC	7.29	103.0627
HINDUJA LEYLAND FINANCE LIMITED SR B 9.50 NCD 29NV29 FVRS1LAC	10.0377	97.6109
CANARA BANK SR I PP 8.27 BD FVRS1CR	7.09989	100.9750

AUCTION RESULT OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF	AMOUNT
6.79% GS 2034	2034	100.24/6.7543%	22000
New SGrB 2054	2054	6.98%	5000
7.09% GS 2074	2074	101.07/7.0120%	10000
TOTAL	37,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.41	6.41	6.095	6.1050	6.04	6.0425

BOND MARKET

The 10-year benchmark recorded a close of 6.7705 %, 1.14 bps lower than the close of the previous day's trading session. Yields traded in the range of 6.7672 to 6.7969 during the day.

DOMESTIC BROADCAST

India's industrial growth is expected to pick up in H2 FY24 as inflation eases and exports rise, though elevated rates and slowing credit weigh on urban demand. GDP growth is forecast at 6.8%, down from 8.2% last year. Cooling food inflation may lower overall inflation to 4.6%, with a rate cut likely in February. Geopolitical risks remain a challenge for exports.

On DECEMBER 12, 2024, money market operations recorded ₹592800.28 crore at a WAR of 6.49%. RBI operations resulted in a net liquidity absorption of ₹188754 crore.

GLOBAL BROADCAST

Euro zone industrial production remained unchanged in October, defying expectations of a 0.1% decline but highlighting the ongoing recession in the sector, which has persisted for nearly two years. The stagnation follows a 1.5% drop in September, with Germany, France, and the Netherlands posting negative readings, Italy stagnating, and Spain seeing growth. Persistent challenges include rising energy costs, weakened Chinese demand, higher financing costs, and cautious consumer spending. These issues prompted the European Central Bank to cut interest rates and lower its growth forecast.

The dollar rose 1.1% for its best week in a month as slower Fed rate cuts are expected in 2025, despite a likely December cut. It gained against major currencies amid dovish central bank signals, while sterling fell on weak UK data. U.S. reports showed a cooling job market and moderated inflation, aligning with gradual Fed adjustments.

SPREAD ANALYSIS

The India 10Years vs the United States 10Years Government Bond spread value is 244.02 bp, 7.89 bps higher than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1Year bond spread is 11.75 bp.
5 Years vs 2 Years bond spread is 3.23 bp.
10 Years vs 2Years bond spread is 8.13 bp.

MARKET OUTLOOK

Today's G-sec auction experienced strong demand. However, the market cooled down and the yields increased with a decrease in liquidity. With continued inflows from bond index investors and a global tailwind, yields are expected to ease further. The yield is projected to fluctuate between 6.75% and 6.80%.

INDIA YIELD CURVE