

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	86.173	-0.07
BRENT OIL	81.17	-0.18
GOLD	2721.09	-0.21
India 10Y	6.8859	1.12
US 10 YR	4.761	0.36
NIFTY 50	23085.95	-1.47
SENSEX	76330.01	-1.36

G-SEC / BONDS YIELDS

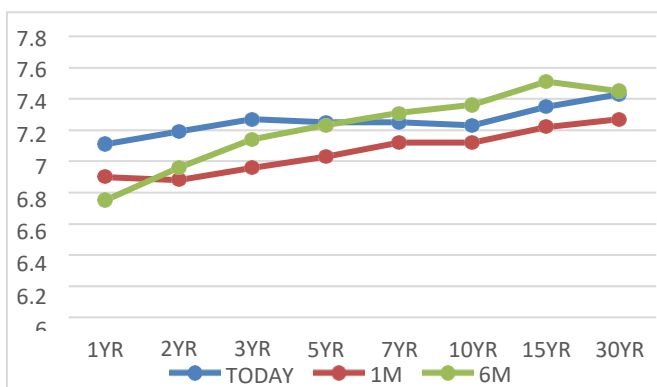
SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	6.47	6.75
G-SEC 2028	6.7984	6.7066
G-SEC 2033	6.9012	6.8161
G-SEC 2037	6.9613	6.8870
G-SEC 2053	7.010	7.0296
SDL 2027	6.9540	7.0996
SDL 2033	7.1205	7.11243

ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED SR AE2023 STRPP 1 8.25 NCD 26MR26 FVRS1LAC	8.1611	100.0594
PUNJAB & SIND BANK SR 1 7.74 BD 20DC34 FVRS1LAC	7.7393	99.9500
POWER FINANCE CORPORATION LIMITED SR BS216 7.13 BD 15JL26 FVRS10LAC	7.7050	99.1816
TATA CAPITAL HOUSING FINANCE LIMITED SR H 7.9613 NCD 08MY26 FVRS1LAC	7.8750	100.1503

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.5700	6.6150	6.3100	6.3700	6.2700	6.3550

INDIA YIELD CURVE

BOND MARKET

The 10-year benchmark recorded a close of 6.8859%, ending 7.78 bps lower than the close of the previous day's trading session. The yield was in the range of 6.8288 to 6.8874.

DOMESTIC BROADCAST

India's economy is growing steadily, supported by peaking food inflation, recovering rural demand, and government efforts to boost capex spending, particularly in sectors like defense, power, railways, and data centers. The upcoming Union Budget is expected to be growth-oriented, incentivizing middle-class spending and driving themes like discretionary consumption, retail transformation, and infrastructure development. A strong Rabi crop, moderating inflation (projected at 4.3-4.7% in FY26), and increased activity in construction and manufacturing are expected to sustain demand and growth momentum into FY26.

On January 10, the RBI reported ₹ 553412.76 at 6.78 market activity in the overnight and term segments. Under RBI operations, MSF saw ₹17195 crore at 6.75%, and SDF saw ₹960563 crore at 6.25%. The net liquidity absorbed totaled ₹216471.00 crore.

GLOBAL BROADCAST

UK gilt yields have surged, driven initially by rising US yields and compounded by domestic concerns over fragile economic growth, limited fiscal headroom, and increased debt servicing costs following the recent budget. UBS expects the Bank of England to respond to tightening financial conditions and fading inflation pressures by cutting interest rates in February, with additional cuts anticipated later in the year.

Euro zone households slightly reduced their savings rate to 15.3% in Q3 2024, still above pre-pandemic levels, as high savings continue to suppress consumption and hinder economic recovery despite modest retail sales growth. The European Central Bank expects savings to remain elevated due to ongoing uncertainties, while investment in fixed capital declined, and corporate profitability improved after previous declines.

SPREAD ANALYSIS

The India 10 Years vs the United States 10 Years Government Bond spread value is 212.49 bps, 0.08 bps higher than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities

3 Years vs 1 Years bond spread is 5.61 bps.
 5 Years vs 2 Years bond spread is 6.63 bps.
 10 Years vs 2Years bond spread is 10.33 bps.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended higher than the previous, tracking upcoming outcomes associated with Indian food inflation data. We expect the yield to fluctuate between 6.75% to 6.90%.