SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
14TH November 2024

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	84.470	0.05
BRENT OIL	72.62	0.47
GOLD	2553.20	-1.23
INDIA10YR	6.8645	0.40
US10YR	4.458	0.11
NIFTY50	23532.20	-2.64
SENSEX	77580.31	-.249

G-SEC/BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV DAY
364DTB	6.40	6.35
G-SEC2028	6.7797	6.7467
G-SEC2033	6.8969	6.8712
G-SEC2037	6.9256	6.8892
G-SEC2053	7.0291	6.9918
SDL2027	-	6.6923
SDL2033	7.12	7.1344

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
REC LIMITED SR 240B 7.34 BD 30AP30 FVRS1LAC	7.3497	100
TRUST INVESTMENT ADVISORS PRIVATE LIMITED SR VII 8.90 NCD 31JN30 FVRS1LAC	8.4437	102
TATA CAPITAL LIMITED SR N 7.95 NCD 08FB28 FVRS10LAC	7.7851	100.4041
AXIS FINANCE LIMITED SR 04 8.35 NCD 23JU34 FVRS1LAC	8.2349	100.45

AUCTION RESULT
OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF	AMOUNT
7.04% GS 2029	2029	100.91/6.8026	14,000
New GS 2039	2039	6.92	13,000
7.09% GS 2054	2054	100.68/7.0339	10,000
TOTAL	37,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.56	6.5725	6.31	6.34	6.325	6.3325

BOND MARKET

The 10-year benchmark recorded a close of 6.8645 %, 2.71 bps lower than the close of the previous day's trading session. Yields traded in the range of 6.8450 to 6.8656 during the day.

DOMESTIC BROADCAST

India's wholesale inflation rose to 2.36% in October, up from 1.84% in September, driven by high food prices. Food inflation surged to 11.6%, with vegetable prices soaring 63% year-on-year. Retail inflation reached a 14-month high of 6.2%, and food prices climbed 10.9%, dashing hopes for a rate cut. While the RBI softened its stance to "neutral" in October, Governor Shaktikanta Das clarified this shift does not imply an imminent rate cut, given ongoing inflationary pressures from food costs and weather-related supply shocks.

On November 13, 2024, money market operations recorded ₹570,677.51 crore at a WAR of 6.36%. RBI operations resulted in a net liquidity absorption of ₹212,259.92 crore.

GLOBAL BROADCAST

Euro zone industrial production dropped 2.0% in September, worse than the 1.4% decline expected, with Germany seeing the largest fall at 2.7%. Year-on-year, production was down 2.8%, indicating a deepening industrial recession. Major declines were seen in capital goods and energy production, while limited growth elsewhere couldn't offset the slump. Contributing factors include weak demand from China, poor automotive sector performance, and high energy costs. The data suggests the euro zone's economic recovery remains delayed, and any rebound may be modest due to structural economic challenges.

The U.S. dollar hit a one-year high on Thursday, marking its fifth consecutive daily gain, driven by rising Treasury yields and Donald Trump's election win. The dollar rose above 156 yen for the first time since July, while the euro and British pound fell to multi-month lows at $1.0555 and $1.2675, respectively.

SPREAD ANALYSIS

The India 10Years vs the United States 10Years Government Bond spread value is 240.65 bps, 1.89 bps lower.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1Year bond spread is 9.17 bp.
5 Years vs 2 Years bond spread is 7.25 bp.
10 Years vs 2Years bond spread is 13 bp.

MARKET OUTLOOK

Today's G-sec auction experienced strong demand. Today, the 10-year benchmark yields ended lower compared to the previous day, the market experienced higher liquidity. The yield is projected to fluctuate between 6.83% and 6.88%.

INDIA YIELD CURVE