DAILY REPORT
INDIAN DEBT MARKET
16TH AUGUST 2024

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	83.956	-0.01
BRENT OIL	81.04	-2.28
GOLD	2492.4	0.53
INDIA10YR	6.870	0.1
US10YR	3.934	-1.46
NIFTY50	24,541.15	1.65
SENSEX	80,436.84	1.68

G-SEC/BONDS YIELDS

SECURITY	LTY(%)TODAY	LTY(%)PREV DAY
364DTB	6.7175	6.7150
G-SEC2028	6.7912	6.7745
G-SEC2033	6.9101	6.8984
G-SEC2037	6.9329	6.9250
G-SEC2053	7.0112	7.0192
SDL2027	7.0013	7.0307
SDL2033	7.2281	7.2153

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
NATIONAL BANK FOR FINANCING INFRASTRUCTURE AND DEVELOPMENT SR NABFID2025-2 7.36 BD 12AG44 FVRS1LAC	7.3551	99.98
INDIA INFRADEBT LIMITED SR I TR VI 8 NCD 29OT29 FVRS1LAC	8.0114	100.01
SBI CARDS AND PAYMENT SERVICES LIMITED SR 36 8.25 NCD 08AG34 FVRS1CR	8.2432	100.00
HDB FINANCIAL SERVICES LIMITED SR A/1(FX)180 7.49 NCD 24JN25 FVRS10LAC	7.875	99.7236

AUCTION RESULT OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF YIELD	AMOUNT
7.02% GS 2031	18-06-2031	6.8596	11,000
7.23% GS 2039	15-04-2039	6.9751	12,000
7.46% GS 2073	06-11-2073	7.0665	11,000
TOTAL	34,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.54	6.5325	6.23	6.2150	6.10	6.1050

BOND MARKET

The 10-year benchmark recorded a close of 6.870 %, 0.68 bps higher from the close of the previous day's trading session. Yields traded in the range of 6.8636 to 6.8781 during the day.

DOMESTIC BROADCAST

RBI announced the auction of T-Bills for 91 days, 182 days, and 364 days for 8,000, 6,000 & 6,000 crore respectively, raising 20,000 crores in aggregate, the auction will be conducted on 21ST August 2024.

The RBI conducted a 3-day VRRR auction under LAF for notified amounts of Rs. 1,00,000 crores. The offers received amounted to Rs. 93,237 crores at WARs of 6.49%.

On AUGUST 14, 2024, money market operations recorded ₹517,475.46 crore at a WAR of 6.38%. RBI operations resulted in a net liquidity absorption of ₹137,249.64 crore.

GLOBAL BROADCAST

Britain's economy grew by 0.6% in the second quarter of 2024, following a 0.7% expansion in the first quarter, marking a strong recovery from last year's shallow recession. However, growth stalled in June with zero output increase, impacted by heavy rain affecting retail sales and a doctor's strike leading to a 1.5% decline in healthcare activity. The slowdown suggests the Bank of England may continue with interest rate cuts.

Bank of America analysts predict that the Federal Reserve will cautiously approach interest rate cuts, expecting a 25-basis point reduction in September and another in December. Strong retail sales in July, with a 1.0% overall increase and a 0.4% rise in the ex-autos component, indicate resilient consumer spending despite cooling inflation. This suggests a slowing but not weak economy, reducing the likelihood of aggressive rate cuts.

SPREAD ANALYSIS

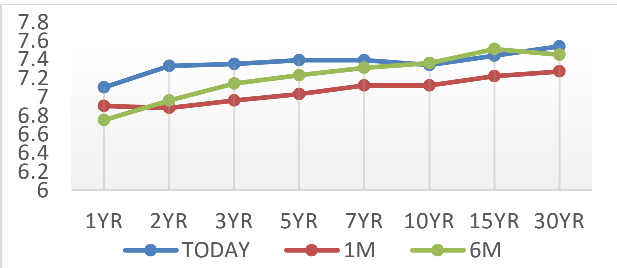
The India 10Years vs the United States 10Years Government Bond spread value is 293.6 bp, 6.41 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1Year bond spread is 3.41 bp.
5 Years vs 2 Years bond spread is 2.96 bp.
10 Years vs 2Years bond spread is 8.46 bp.

MARKET OUTLOOK

Today's G-sec auction experienced strong demand. The news related to rate cut by 50 basis points had a strong influence on the Indian bond market in the second half of the day. With continued inflows from bond index investors and a global tailwind, yields are expected to ease further. The yield is projected to fluctuate between 6.88% and 6.92%.

INDIA YIELD CURVE



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