SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
17TH January 2025

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	86.605	0.01
BRENT OIL	81.44	0.27
GOLD	2744.86	-0.64
INDIA10YR	6.8086	0.32
US10YR	4.610	-0.10
NIFTY50	23203.20	0.47
SENSEX	76594.66	-0.58

G-SEC/BONDS YIELDS

SECURITY	LTY(%)TODAY	LTY(%)PREV DAY
364DTB	6.40	6.64
G-SEC2028	6.6896	6.6904
G-SEC2033	6.8296	6.8002
G-SEC2037	6.9071	6.8810
G-SEC2053	7.0710	7.0502
SDL2027	6.9227	6.9784
SDL2033	-	7.1322

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	7.5160	100.0600
PUNJAB & SIND BANK SR 1 7.74 BD 20DC34 FVRS1LAC	7.7425	99.9000
NAVI FINSERV LIMITED TR B 10.40 NCD 13FB26 FVRS1LAC	11.8160	98.8414
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED SR 649 8.50 NCD 11NV34 FVRS1LAC	8.2391	101.6000

AUCTION RESULT
OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF YIELD	AMOUNT
6.75% GS 2029	2029	6.7289/100.08	14000
6.92% GS 2039	2039	6.8881/100.28	12000
7.09% GS 2054	2054	7.0677/100.27	10000
TOTAL	36,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.4500	6.4675	6.2300	6.2375	6.2100	6.2425

BOND MARKET

The 10-year benchmark recorded a close of 6.8086 %, 2.15 bps higher than the close of the previous day's trading session. Yields traded in the range of 6.7774 to 6.8197 during the day.

DOMESTIC BROADCAST

FICCI's economic outlook for 2025-26 anticipates India's GDP growth at 6.5-6.9%, driven by the government's capital expenditure focus, rising consumer spending, rural consumption growth, easing food inflation, and potential RBI monetary easing, while acknowledging short-term disruptions from US policies, trade tensions, and global supply chain shifts, alongside opportunities from supply chain diversification and lower oil prices.

On JANUARY 16, 2025, money market operations recorded ₹568,031.51 crore at a WAR of 6.43%. RBI operations resulted in a net liquidity absorption of ₹235,928.31 crore.

GLOBAL BROADCAST

U.S. equity funds faced significant outflows of $8.23 billion for the week ending Jan. 15 amid cautious investor sentiment over Fed rate cuts and earnings season, while bond funds saw $6.18 billion in inflows, driven by demand for taxable fixed income and government funds, and money market funds experienced $60.07 billion in net outflows.

UK retail sales fell by 0.3% in December, contrary to expectations of 0.4% growth, reflecting weak consumer confidence and economic conditions, while GDP rose only 0.1% in November; the Bank of England faces mounting pressure to cut rates further in February after reducing the base rate to 4.75% in November.

The dollar steadied on Friday but was set to end its six-week winning streak as softer U.S. inflation data and Fed remarks increased expectations of rate cuts, while markets awaited Trump's inauguration; the yen strengthened on expectations of a BOJ rate hike, sterling dipped on weak UK retail sales, and China's yuan held steady after strong economic growth data.

SPREAD ANALYSIS

The India 10Years vs the United States 10Years Government Bond spread value is 219.86 bp, 6.35 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
3 Years vs 2 Year bond spread is 0.59 bp.
5 Years vs 2 Years bond spread is 2.38 bp.
10 Years vs 2Years bond spread is 11.31 bp.

MARKET OUTLOOK

Today's G-sec auction experienced strong demand. The yield is projected to fluctuate between 6.75% and 6.85%.

INDIA YIELD CURVE