DAILY REPORT
INDIAN DEBT MARKET
18TH OCTOBER 2024

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	84.05	0.03
BRENT OIL	74.58	-0.52
GOLD	2708.75	0.72
INDIA10YR	6.8193	0.57
US10YR	4.095	0.02
NIFTY50	24863.40	0.46
SENSEX	81224.75	0.27

G-SEC/BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV DAY
364DTB	99.9462	99.8419
G-SEC2028	6.7255	6.6804
G-SEC2033	6.8413	6.799
G-SEC2037	6.8783	6.8389
G-SEC2053	6.9666	6.9228
SDL2027	-	6.8457
SDL2033	-	-

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25B 7.64 BD 06DC29 FVRS1LAC	7.39	101.0252
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR III 7.34 BD 26FB29 FVRS1LAC	7.3817	99.8338
HDFC BANK LIMITED SR AA012 7.70 NCD 18NV25 FVRS10LAC	7.79	99.8881
REC LIMITED SR 239 BD 03NV34 FVRS1LAC	6.25	54.3766

AUCTION RESULT OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF	AMOUNT
7.02% GS 2031	2031	101.33/6.7662	10,000
7.23% GS 2039	2039	103.37/6.8590	13,000
7.09% GS 2054	2054	101.35/6.9806	10,000
TOTAL	33,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.485	6.53	6.21	6.2425	6.175	6.2275

BOND MARKET

The 10-year benchmark recorded a close of 6.8193 %, 3.83 bps higher than the close of the previous day's trading session. Yields traded in the range of 6.7907 to 6.789 during the day.

DOMESTIC BROADCAST

State governments' capital expenditure (capex) is projected to rise by 13% to ₹6.5 lakh crore in FY25, according to ICRA. However, this falls short of the ₹7.2 lakh crore budget estimate due to a slow start and expected revenue shortfalls. Capex contracted 13.5% in the first four months of FY25 but is expected to surge in the second half. ICRA forecasts a 12.6% capex increase for 13 major states, lower than FY24's 19.6% rise.

On OCTOBER 17, 2024, money market operations recorded ₹556,222.72 crore at a WAR of 6.29%. RBI operations resulted in a net liquidity absorption of ₹175,175.13 crore.

GLOBAL BROADCAST

The European Central Bank (ECB) cut interest rates by 25 basis points for the second consecutive meeting, marking the first back-to-back cuts in 13 years. This shift reflects the ECB's pivot from tackling inflation to boosting the Eurozone's struggling economy, which has lagged the U.S. for two years. September business activity and sentimental data fell short of expectations, while inflation slowed to 1.7%, below the ECB's 2% target. The deposit rate now stands at 3.25%, further widening the gap with the U.S. Federal Reserve, which recently cut rates to 4.75%-5.00%.

Japan's consumer price index (CPI) inflation rose slightly more than expected in September, with core CPI (excluding fresh food) increasing 2.4% year-on-year, above the 2.3% forecast but down from 2.8% in August. Core CPI, excluding fresh food and energy, rose to 2.1%. Headline inflation dropped to 2.5% from the prior month's 3%.

SPREAD ANALYSIS

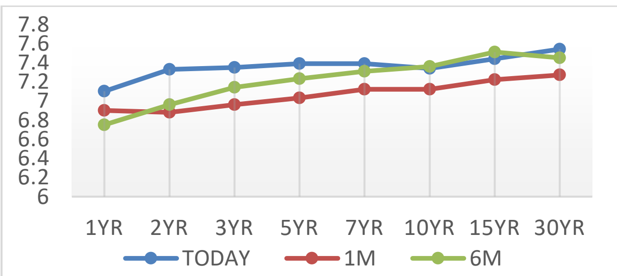
The India 10Years vs the United States 10Years Government Bond spread value is 272.43 bps, 3.49 bps.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1Year bond spread is 3.22 bp.
5 Years vs 2 Years bond spread is 12.78 bp.
10 Years vs 2Years bond spread is 22.41 bp.

MARKET OUTLOOK

Today's G-sec auction experienced strong demand. Today, the 10-year benchmark yields ended higher compared to the previous day, the market experienced higher liquidity and both positive and negative movement following the outcomes associated with the political tension. The yield is projected to fluctuate between 6.75% and 6.85%.

INDIA YIELD CURVE



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