SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
25TH SEPTEMBER 2024

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	83.608	0.01
BRENT OIL	74.47	-1.01
GOLD	2677	0.12
India 10Y	6.7355	0-0.36
US 10 YR	3.7328	0.76
NIFTY 50	25940.40	0.01
SENSEX	85168.87	0.30

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	6.55	6.49
G-SEC 2028	6.6772	6.6842
G-SEC 2033	6.7511	6.77728
G-SEC 2037	6.7936	6.8180
G-SEC 2053	6.8986	6.9044
SDL 2027	6.9363	7.0721
SDL 2033	7.0819	7.1202

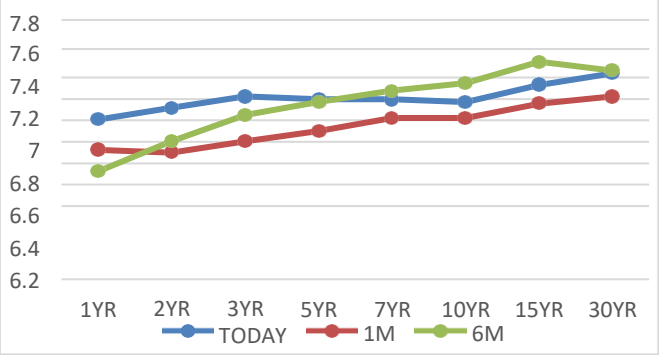
ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
POWER FINANCE CORPORATION LIMITED SR 242A 7.27 BD 15OT31 FVRS1LAC	7.2695	99.9923
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25C 7.44 BD 24FB28 FVRS1LAC	7.4607	100
MAHANAGAR TELEPHONE NIGAM LIMITED SR VIIA 8 LOA 15NV32 FVRS10LAC	8.4734	97.95
POWER FINANCE CORPORATION LIMITED SR 242B 7.22 BD 15OT39 FVRS1LAC	7.2153	100.0569

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.3675	6.3725	6.050	6.0575	5.99	5.9925

INDIA YIELD CURVE



BOND MARKET

The 10-year benchmark recorded a close of 6.7355%, ending 2.49 bps lower than the close of the previous day's trading session. Yields traded in the range of 6.7348 to 6.7539 during the day.

DOMESTIC BROADCAST

Moody's Analytics has projected India's economy to grow at 7.1% in FY25, showing resilience despite global uncertainties. The forecast for FY25 remains unchanged at 6.5%, with 6.6% growth expected in 2026. Inflation forecasts have improved, with India's inflation expected to be 4.7% this fiscal, down from an earlier prediction of 5%, while projections for 2025 and 2026 remain at 4.5% and 4.1%, respectively.

On September 24, 2024, the overnight money market volume was ₹574,172.54 crore at a 6.68% average rate. Net liquidity absorption was ₹427,689.00 crore.

GLOBAL BROADCAST

U.S. consumer confidence dropped to 98.7 in September, the largest decline in three years, amid labor market concerns. Despite this, households still plan to spend on homes, travel, and entertainment, supporting the economy. The Federal Reserve's recent 50 basis point rate cut aims to sustain low unemployment, currently at 4.2%. Further rate cuts may boost confidence and prevent a downturn.

Australia's CPI inflation eased to 2.7% year-on-year in August, its lowest since August 2021, driven by government efforts to curb energy costs. Core inflation, excluding volatile items, fell to 3%, while trimmed mean inflation dropped to 3.4%. Though inflation reached the Reserve Bank of Australia's (RBA) 2-3% target, the central bank expects the decline to be temporary, with inflation set to rise again. The RBA anticipates sustained inflation within its target by 2026, maintaining a hawkish stance and keeping rates elevated until early 2025.

British employers gave a 4% median pay rise in the three months to August, the lowest since June 2022, as inflation nears the Bank of England's 2% target. Wage growth has slowed, with average weekly earnings rising 5.1%, the slowest in over two years. The BoE is monitoring wage trends before further rate cuts.

SPREAD ANALYSIS

The India 10Years vs the United States 10Years Government Bond spread value is 300.27 bps, 1.77 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.

2 Years vs 1 Years bond spread is 0.4 bp.
5 Years vs 2 Years bond spread is 0.59 bp.
10 Years vs 2 Years bond spread is 5.84 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended lower compared to the previous day, the market experienced higher liquidity and positive. The yield is projected to fluctuate between 6.73% and 6.76%.

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