SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
5TH MARCH 2024

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	87.26	-0.23
BRENT OIL	70.99	-1.15
GOLD	2925.09	+0.15
India 10Y	6.7087	-0.53
US 10 YR	4.240	+0.06
NIFTY 50	22337.30	+1.15
SENSEX	73730.23	+1.01

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	6.5700	6.5700
G-SEC 2028	6.5757	6.6124
G-SEC 2033	6.7850	6.8147
G-SEC 2037	6.9054	6.9303
G-SEC 2053	7.1008	7.1308
SDL 2027	6.8282	6.8504
SDL 2033	7.2204	7.2029

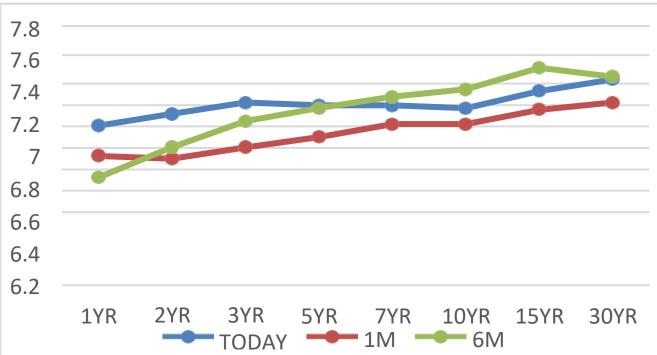
ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
POWER FINANCE CORPORATION LIMITED SR 247A 7.44 BD 15JN30	7.4446	99.9600
POWER FINANCE CORPORATION LIMITED SR 247B 7.40 BD 15JN35	7.6971	100.00
RELIANCE INDUSTRIES LIMITED PPD SR 1B 8.65 NCD 11DC28 FVRS10LAC	7.3958	103.9259
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR	7.5979	99.8730
BAJAJ FINANCE LIMITED 7.60 NCD 11FB30 FVRS10LAC	7.7672	99.3517

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.2500	6.2050	6.0200	5.9716	6.0200	8.5925

INDIA YIELD CURVE



BOND MARKET

The 10-year benchmark recorded a close of 6.7087%, ending 3.6 bps lower than the close of the previous day's trading session. Yields traded in the range of 6.7087 to 6.7530 during the day.

DOMESTIC BROADCAST

India's Services PMI rose to 59 in February 2025 from 56.5 in January, surpassing its long-term average of 52.43, though still below its peak of 62.3 in July 2023. Similarly, the HSBC India Composite PMI reached 58.8 in February, improving from 57.7 in January but falling short of the flash estimate of 60.6.

The RBI will conduct OMO purchase auctions of ₹1,00,000 crore in two tranches of ₹50,000 crore each on March 12 and March 18, 2025. Additionally, a USD/INR buy/sell swap auction of $10 billion with a 36-month tenor is scheduled for March 24, 2025.

On March 4, 2025, the overnight money market volume was ₹566314.76 crore at a 5.97% average rate. Net liquidity absorption was ₹20416.70 crore.

GLOBAL BROADCAST

In February 2025, British services firms cut staff at the fastest pace since 2020 due to concerns over upcoming tax and minimum wage hikes, contributing to a sharp drop in the employment gauge to 43.9, its lowest since November 2020. While the UK S&P Composite PMI edged up slightly to 51.0 from 50.8 in January, business confidence fell to a two-year low amid rising payroll costs and a £25 billion increase in employer social security contributions.

The euro surged to near four-month highs, gaining 3% this week, driven by Germany's proposed €500 billion infrastructure fund, which improved Europe's growth outlook despite global trade tensions. The euro rose 0.57% against the dollar to $1.0687, while other European currencies, including the pound and Swiss franc, also strengthened. Market optimism over Germany's fiscal stimulus reduced pressure on the ECB for aggressive rate cuts, providing further support to the euro.

SPREAD ANALYSIS

The India 10Years vs the United States 10Years Government Bond spread value is 246.87 bps, 12.3 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 3.12 bp.
5 Years vs 2 Years bond spread is 12.38 bp.
10 Years vs 2 Years bond spread is 16.45 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended lower compared to the previous day, the market experienced higher liquidity and positive movement. The yield is projected to fluctuate between 6.65% and 6.71%.

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