


GLOBAL MARKET SNAPSHOT

| MARKETS | PRICE | CHANGE |
|-----------|----------|--------|
| USD/INR | 85.099 | 0.09 |
| BRENT OIL | 72.59 | 0.43 |
| GOLD | 2629.80 | 0.05 |
| India 10Y | 6.8066 | 0.02 |
| US 10YR | 4.585 | 0.29 |
| NIFTY50 | 23727.65 | -0.11 |
| SENSEX | 78472.87 | -0.086 |

G-SEC/BONDS YIELDS

| SECURITY | LTY (%) TODAY | LTY (%) PREV |
|-----------|---------------|--------------|
| 364DTB | 6.55 | 6.70 |
| G-SEC2028 | 6.7317 | 6.7220 |
| G-SEC2033 | 6.8226 | 6.8290 |
| G-SEC2037 | 6.8918 | 6.8812 |
| G-SEC2053 | 7.0314 | 7.0294 |
| SDL 2033 | 7.0697 | - |
| SDL 2037 | 7.1461 | 7.0893 |

YIELD-BASED AUCTION OF STATE GOVERNMENT SECURITIES

| Sr. No | State | Amount to be raised (₹ Crore) | Amount Accepted (₹ Crore) | Cut off Yield (%) | Tenure (Year) |
|--------|----------------|-------------------------------|---------------------------|-------------------|---------------|
| 1 | Assam | 900 | 900 | 7.19 | 10 |
| 2 | Bihar | 2000 | 2000 | 7.15 | 10 |
| 3 | Gujrat | 1500 | 1500 | 7.11 | 09 |
| 4 | Haryana | 1000 | 1000 | 7.16 | 13 |
| 5 | J&K | 400 | 400 | 7.14 | 27 |
| 6 | Karnatak | 2000 | 2000 | 99.46/7.0389 | 5(R) |
| | | 2000 | 2000 | 7.16 | 16 |
| 7 | Madhya Pradesh | 2500 | 2500 | 7.17 | 17 |
| | | 2500 | 2500 | 7.14 | 21 |
| 8 | Manipur | 200 | 200 | 7.15 | 15 |
| 9 | Nagaland | 250 | 250 | 7.15 | 10 |
| 10 | Puducherry | 100 | 100 | 99.98/7.0330 | 5(R) |
| | | 125 | 125 | 99.46/7.0799 | 6(R) |
| | | 125 | 125 | 7.14 | 11 |
| 11 | Rajasthan | 1000 | 1000 | 102.91/7.1594 | 13(R) |
| 12 | Tamil Nadu | 1000 | 1000 | 7.03 | 5 |
| | | 1000 | 1000 | 7.11 | 10 |
| | | 1000 | 1000 | 7.14 | 20 |
| | | 2000 | 2000 | 99.55/7.1364 | 30 |
| 13 | Uttar Pradesh | 3000 | 3000 | 7.16 | 15 |
| 14 | Uttarakhand | 1000 | 1000 | 7.15 | 06 |
| 15 | West Bengal | 2500 | 2500 | 7.16 | 15 |
| | | 2500 | 2500 | 7.17 | 18 |

BOND MARKET

The 10-year benchmark recorded a close of 6.8066%, ending 0.13 bps lower compared to the previous day's trading session.

DOMESTIC BROADCAST

Union Agriculture Minister Shivraj Singh Chouhan highlighted efforts to boost India's agriculture, including natural farming, increased storage, better market access, and higher MSPs. He emphasized bridging research with practice, launched the Modern Krishi Choupal for farmer-scientist interaction, and announced a river-linking project to address floods and droughts. Schemes like Kisan Credit Cards are easing credit access for farmers.

Money Market Operations on December 23, 2024: ₹576498.29 crore in the overnight segment at a weighted average rate of 6.63%. Net liquidity absorption: ₹ 242738.41 crore.

GLOBAL BROADCAST

China plans to issue a record 3 trillion yuan (\$411 billion) in special treasury bonds in 2025, up from 1 trillion yuan in 2024, to bolster its economy amid headwinds and potential higher U.S. tariffs under Donald Trump's administration. The funds will target consumption subsidies, business equipment upgrades, infrastructure projects, and advanced industries like EVs, semiconductors, and green energy. Approximately 1 trillion yuan will focus on "new productive forces," while some funds will recapitalize state-owned banks. This issuance, equivalent to 2.4% of China's 2023 GDP, reflects Beijing's readiness to use fiscal stimulus to counter deflationary pressures and support economic growth.

BCA Research predicts the Federal Reserve will cut rates by over 50 bps in 2025, citing rising unemployment and falling core PCE inflation, projected at 2.5% by early 2025. Initial 25 bps cuts may begin in March, potentially totaling 100 bps by year-end. Tariffs could temporarily boost inflation but may weaken manufacturing, prompting further cuts. Quantitative tightening is expected to end by early 2026.

SPREAD ANALYSIS

The India 10 Years/United States 10 Years Government Bond spread value is 195.66 bps, 32.37 bps lower than the closing of the previous day.

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

2 Years vs 1 Year bond spread is 0.47 bp.

5 Years vs 2 Years bond spread is 0.05 bp.

10 Years vs 2 Years bond spread is 6.11 bp.

MARKET OUTLOOK

The market observed strong demand in the SDL auction. The 10-year benchmark yields ended lower than previous day. We expect the yield to fluctuate within the range of 6.78 and 6.82.

INDIA YIELD CURVE
