

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	83.739	0.02
BRENT OIL	80.39	-1.62
GOLD	2,364.10	-1.38
US 10 YR	4.215	-1.69
NIFTY 50	24,406.10	-0.03
SENSEX	80,039.80	-0.14

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	6.8001	6.8200
G-SEC 2028	6.8639	6.8969
G-SEC 2033	6.9871	7.0039
G-SEC 2037	6.9864	7.0020
G-SEC 2053	7.0363	7.0395
SDL 2027	7.1048	7.1144
SDL 2033	7.3060	7.3203
SDL 2037	7.3208	7.3375

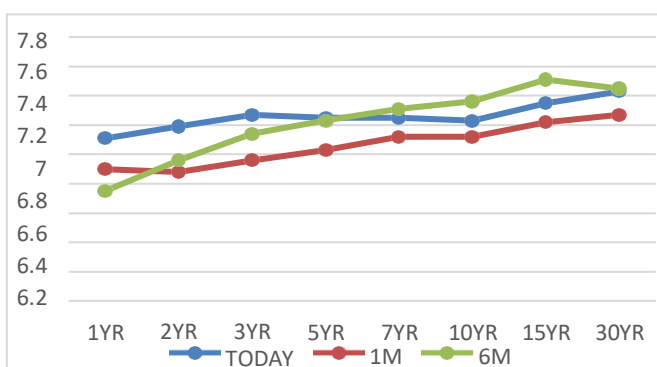
ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
POWER GRID CORPORATION OF INDIA LIMITED SR LXXVIII 7.38 BD 23JL34 FVRS1LAC	7.3793	99.98
HDB FINANCIAL SERVICES LIMITED SR A 1 FX 183 7.65 NCD 10SP27 FVRS10LAC	8.2856	98.2619
REC LIMITED SR 236-B 7.56 BD 31AG27 FVRS1LAC	7.5723	99.97
HDB FINANCIAL SERVICES LIMITED SR 192 8.1965 LOA 30MY25 FVRS1LAC	8.1500	100.0044
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED SR 637 8.60 NCD 05MR29 FVRS1LAC	8.5667	100.0085
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR VIII 7.68 BD 09JL27 FVRS1LAC	7.6400	100.0755

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.6600	6.6750	6.4000	6.3625	6.2675	6.2200

INDIA YIELD CURVE



BOND MARKET

The 10-year benchmark recorded a close of 6.951%, ending 1.3 bps lower from the close of the previous day's trading session. Yields traded in the range of 6.950 to 6.970 during the day.

DOMESTIC BROADCAST

The RBI is set to conduct a 14-day Variable Rate Reverse Repo auction under the Liquidity Adjustment Facility for a notified amount of ₹ 1,50,000 crore on 26TH July 2024.

The Indian government will adjust Treasury bill issuance for cash management while keeping bond auction schedules unchanged to avoid market disruption. This strategy is expected to lower short-term bond yields and steepens the yield curve.

Money market operations on July 24, 2024: Overnight segment totaled ₹594,258.49 crores at a 6.63% weighted average rate. The segment's significant operations included triparty repo at ₹1,140.00 crore and 6.67%. RBI's net liquidity absorption stood at ₹63,324.00 crore.

GLOBAL BROADCAST

The Bank of Canada cut its key interest rate by 25 basis points to 4.5% and trimmed its 2024 GDP forecast to 1.2%. Further rate cuts will depend on inflation trends. The Canadian dollar weakened following the announcement.

The U.S. economy grew at a 2.8% annualized rate in Q2, surpassing expectations. Inflation slowed, with the core PCE price index rising 2.9%. The Fed is expected to cut rates in September, despite a hazy economic outlook for the year's second half.

Surveys show rising pessimism among German and French companies, dampening eurozone recovery prospects. In July, worsening business conditions led to weaker demand and morale. Further ECB rate cuts may be possible.

China's central bank issued 200 billion yuan in one-year loans at 2.30%, down 20 basis points, in an unscheduled lending operation. The move aims to stimulate the economy amid deflationary pressures and weak consumer demand. Stock markets and sovereign bond yields reacted negatively.

SPREAD ANALYSIS

The India 10Years vs the United States 10Years Government Bond spread value is 273.6 bps, 0.6 bps higher than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1Year bond spread is 0.6 bp.
5 Years vs 2 Years bond spread is 4.4 bp.
10 Years vs 2Years bond spread is 11.2 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended lower, tracking easing oil prices, and underlying sentiment remains upbeat as the federal budget did not present any negative triggers. We expect the market to continue to trade in a range till clarity emerges on RBI's monetary stance and the timing of a rate cut. The yield is projected to fluctuate between 6.90% and 7.00%.