

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	CHANGE
USD/INR	85.787	0.08
BRENT OIL	74.25	-0.11
GOLD	2620.29	0.19
India 10Y	6.7903	-0.21
US 10YR	4.534	-0.24
NIFTY50	23644.80	-0.10
SENSEX	78139.01	-0.14

G-SEC/BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364DTB	6.68	6.69
G-SEC2028	6.7167	6.7322
G-SEC2033	6.8164	6.8363
G-SEC2037	6.8823	6.8965
G-SEC2053	7.0061	7.0340
SDL 2033	7.1066	-
SDL 2037	7.1361	7.0767

YIELD-BASED AUCTION OF STATE GOVERNMENT SECURITIES

Sr. No	State	Amount to be raised (₹ Crore)	Amount Accepted (₹ Crore)	Cut off Yield (%)	Tenure (Year)
1	Andhra Pradesh	1500	1500	7.17	12
		1500	1500	7.17	13
		2000	2000	7.17	14
2	Haryana	1000	1000	7.18	13
3	J&K	320	320	7.11	30
4	Karnataka	2000	2000	7.15	17
		2000	2000	7.15	18
5	Madhya Pradesh	2500	2500	7.17	13
		2500	2500	7.12	22
6	Punjab	500	500	99.60/7.1695	12(R)
7	Rajasthan	500	500	104.03/7.1591	14(R)
8	Telangana	409	409	7.12	26
9	Uttar Pradesh	3000	3000	7.15	12
10	West Bengal	2500	2500	7.15	15
		2500	2500	7.16	17
	Total	24729	24729		

BOND MARKET

The 10-year benchmark recorded a close of 6.7903%, ending 1.46 bps lower compared to the previous day's trading session.

DOMESTIC BROADCAST

India's banking sector has shown remarkable improvement, with gross NPAs falling to a 12-year low of 2.6% in September 2024, driven by lower slippages, higher write-offs, and steady credit demand; profitability has surged, asset quality has improved across sectors, and resilience indicators like RoA, RoE, and the Banking Stability Indicator have reached multi-year highs, signaling robust financial health.

Money Market Operations on December 30, 2024: ₹547850.59 crore in the overnight segment at a weighted average rate of 6.71%. Net liquidity absorption: ₹ 205739.41 crore.

GLOBAL BROADCAST

China's economy is on track for 5% growth in 2024, supported by stimulus measures and proactive policies, with similar targets expected for 2025; however, challenges like weak domestic demand, export uncertainties, deflation, and a sluggish property market may require additional monetary easing, including potential reserve requirement ratio cuts by the PBOC.

Global stocks remained steady in light year-end trading as elevated U.S. Treasury yields, driven by inflation concerns over incoming Trump administration policies, weigh on equity valuations; MSCI's world share index is set to close 2024 with a 16% annual gain, primarily led by a 24% rise in the S&P 500, while European and Asia-Pacific markets lagged.

Japan's factory activity contracted for the sixth consecutive month in December, though at a slower pace, with the PMI rising to 49.6, the softest decline in three months. Production and new orders shrank less sharply, with subdued demand, particularly in the semiconductor market, driving the 19th consecutive month of new order contraction. Employment rebounded to its highest level since April amid labor shortages and future demand preparation.

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 10.84 bp.

5 Years vs 2 Years bond spread is 6.04 bp.

10 Years vs 2 Years bond spread is 12.69 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
