

Weekly Fixed Income Bulletin

Market Snapshot

4th May 2024

Key Overnight Interest Rates (Annualised-P.A)	Current Week	Previous Week	Change
MIBOR	6.50%	6.79%	-0.29%
US SOFR	5.31%	5.31%	0.00%
EU ESTR	3.91%	3.91%	0.00%
UK SONIA	5.20%	5.20%	0.00%

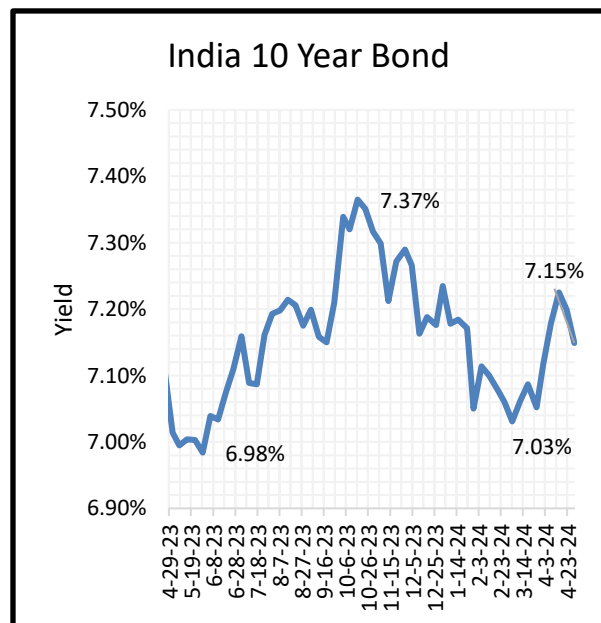
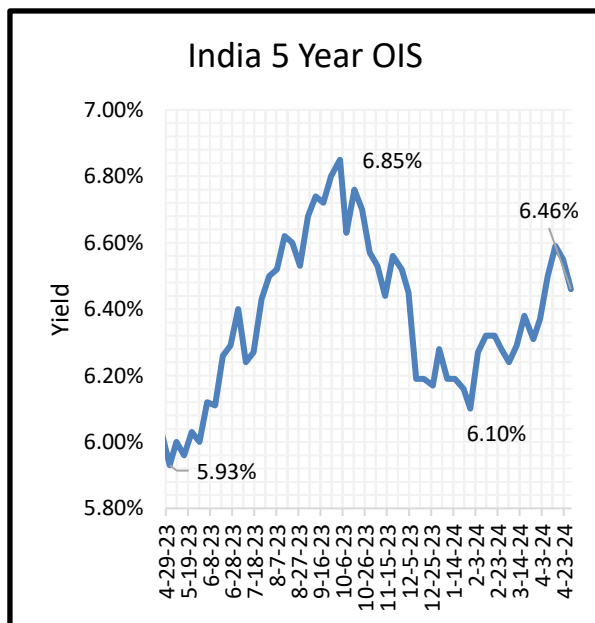
**MIBOR is recorded Friday to Friday while other international benchmarks are recorded Thursday to Thursday.*

Liquidity Adjustment Conducted By RBI	2nd May 2024	25th April 2024	Change
Injected (+)/ Absorbed (-) as on Thursday. [In Rs. Crs.]	78,481.39	1,48,454.60	(69,973.21)

**Liquidity Injection/absorption is calculated from RBI's outstanding operations which includes repo operations, fine tuning operations, targeted long-term operations and special long-term repo operations (SLTRO) for small finance banks. This is recorded Thursday to Thursday and adjusted for public holidays*

Yields (Annualised-P.A)	Current Week	Previous Week	Change
India 3 Month-T-Bill	7.03%	6.96%	0.07%
India 6 Month T-Bill	7.06%	7.06%	0.00%
India 5 Year Benchmark Yield	7.15%	7.20%	-0.05%
India 10 Year Benchmark Yield	7.15%	7.20%	-0.05%
US 10 Year Benchmark Yield	4.51%	4.67%	-0.16%
EU 10 Year Benchmark Yield	2.49%	2.58%	-0.08%
Japan 10 Year Benchmark Yield	0.90%	0.90%	0.00%
UK 10 Year Benchmark Yield	4.22%	4.33%	-0.11%

This data is recorded Friday to Friday



Fund Type	Annualized Weekly Return (P.A)
Liquid Funds	5.91%
Ultra-Short Duration	6.15%
Short Duration	9.70%
GILT	24.11%

*Weekly return as on Friday is annualized to arrive at the above data set.

Key Events [06-May-24 to 10-May-24]	Date	Previous Number	Forecasted Number
India HSBC Services PMI	06-May-24	61.70	62.00
Eurozone HCOB Services PMI	06-May-24	52.90	52.90
German Industrial Orders (MoM)	07-May-24	0.20%	0.50%
Bank of England Rate Decision	09-May-24	5.25%	5.25%
US Initial Jobless Claims	09-May-24	208K	212K
UK GDP Estimate (MoM)	10-May-24	0.10%	0.10%
UK Manufacturing Output (MoM)	10-May-24	1.20%	-0.40%
US Michigan Consumer Sentiment	10-May-24	77.200	76.000

Market Outlook

Last week's FOMC was more dovish than what the markets expected. Yields cooled across the board as the Fed announced a reduction in the balance sheet runoff pace. Higher inflation and slowing growth are the theme currently being played out in the US economy. Rate watchers are firming up for a cut in interest rates in September of this year.

On the domestic front the Govt. of India announced the buyback of Rs 40,000 crores worth of G-Secs, this will help release some liquidity into the banking system and bring down short-term yields (under 1 year) as the buyback announced are for securities maturing in the current and next year.

India 10 Year (7.15%): Holding below the resistance of 7.17%, it is likely to dip towards support of 7.13% -below this level further bond buying can emerge and only a move above 7.19% will result in some side-ways action.

US 2 Year (4.82%): The theme of falling yields is expected to continue this week with the 2-year yield expected to fall toward the 4.55% region. Any rise should be capped around the 4.91% to 4.92% region.

— **End of report** —

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