

Weekly Fixed Income Bulletin

Market Snapshot

18th May 2024

Key Overnight Interest Rates (Annualised-P.A)	Current Week	Previous Week	Change
MIBOR	6.78%	6.80%	-0.02%
US SOFR	5.31%	5.31%	0.00%
EU ESTR	3.90%	3.91%	-0.01%
UK SONIA	5.20%	5.20%	0.00%

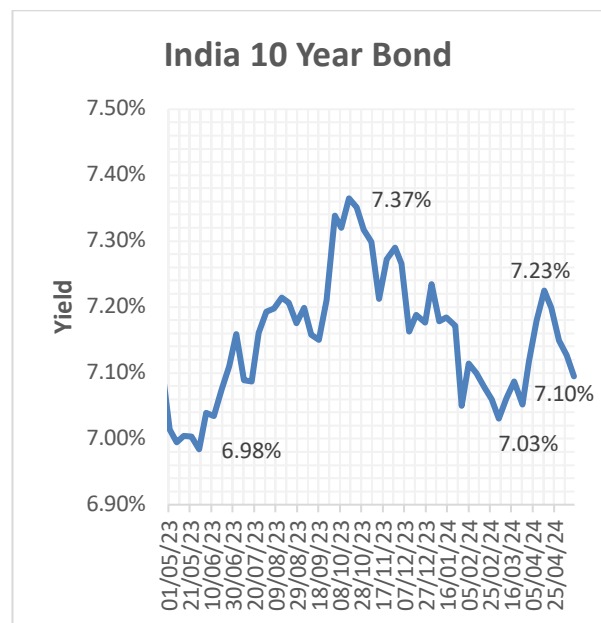
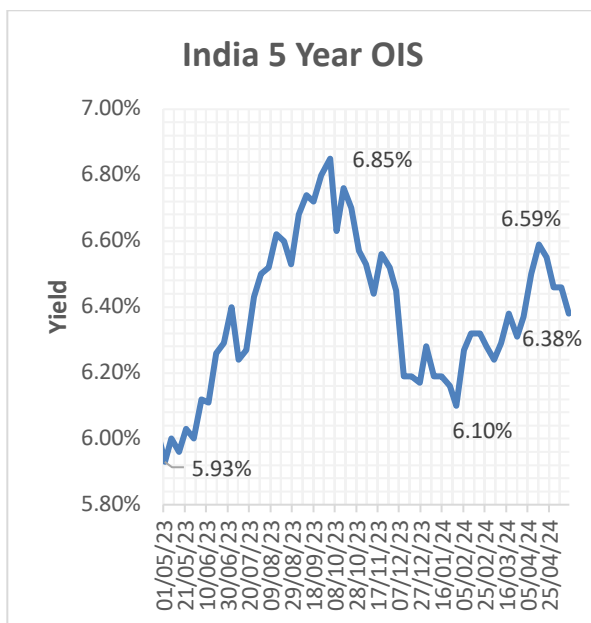
**MIBOR is recorded Friday to Friday while other international benchmarks are recorded Thursday to Thursday.*

Liquidity Adjustment Conducted By RBI	16th May 2024	9th May 2024	Change
Injected (+)/ Absorbed (-) as on Thursday. [In Rs. Crs.]	93,999.10	1,77,388.74	(83,389.64)

**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	6.99%	7.02%	-0.03%
India 6 Month T-Bill	7.08%	7.09%	-0.01%
India 5 Year Benchmark Yield	7.09%	7.12%	-0.03%
India 10 Year Benchmark Yield	7.10%	7.13%	-0.03%
US 10 Year Benchmark Yield	4.42%	4.50%	-0.08%
EU 10 Year Benchmark Yield	2.52%	2.51%	0.01%
Japan 10 Year Benchmark Yield	0.95%	0.91%	0.05%
UK 10 Year Benchmark Yield	4.12%	4.17%	-0.04%

This data is recorded Friday to Friday



Fund Type	Annualized Weekly Return (P.A)
Liquid Funds	7.39%
Ultra Short Duration	8.18%
Short Duration	10.95%
GILT	20.61%

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

Key Events [20-May-24 to 24-May-24]	Date	Previous Number	Forecasted Number
China Loan Prime Rate (1Y)	20-May-24	3.45%	3.45%
UK CPI (YoY)	22-May-24	3.20%	2.10%
UK Core CPI (YoY)	22-May-24	4.20%	3.60%
India HSBC Services PMI	23-May-24	60.80	-
Eurozone HCOB Manufacturing PMI	23-May-24	45.70	46.20
Eurozone HCOB Services PMI	23-May-24	53.30	53.50
UK Composite PMI	23-May-24	54.10	54.00
US S&P Global Manufacturing PMI	23-May-24	50.00	50.00
US S&P Global Services PMI	23-May-24	51.30	51.30
Japan Core CPI (YoY)	24-May-24	2.60%	2.20%
German GDP (YoY)	24-May-24	-0.90%	-0.90%
US Univ.of Michigan Consumer Sentiment	24-May-24	67.40	67.60

Market Outlook

Higher inflation figures from the US failed to push the yields higher as markets were soothed by a rather dovish J.Powell who ruled out any rate hike this year. The focus this week will be on the PMI numbers using which markets would try to determine whether the US economy is in a slowdown. A weaker number can help markets bet aggressively on a rate cut by the US either in September or even earlier- this may push yields down further. Indian inflation number was in line with expectations. The JP Morgan Bond Index inclusion flows would hit the market next month which is likely to put a downward pressure on yields in the medium term.

India 10 Year (7.10%): Holding below the resistance of 7.12%, it is likely to move toward 7.05%. A break below 7.05% may push it as low as 7.00%. Only a rise above 7.13% would lead to yields to reverse the trend.

US 2 Year (4.83%): While holding above 4.77%, recovery can be limited to 4.90%. Resistance at 4.96% is expected to cap upside attempts, however any rise above 4.97% may open up further upside.

End of report

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