

Weekly Fixed Income Bulletin

Market Snapshot

17th June 2024

Key Overnight Interest Rates (Annualised-P.A)	Current Week	Previous Week	Change
MIBOR	6.79%	6.59%	0.20%
US SOFR	5.33%	5.33%	0.00%
EU ESTR	3.66%	3.91%	-0.25%
UK SONIA	5.20%	5.20%	0.00%

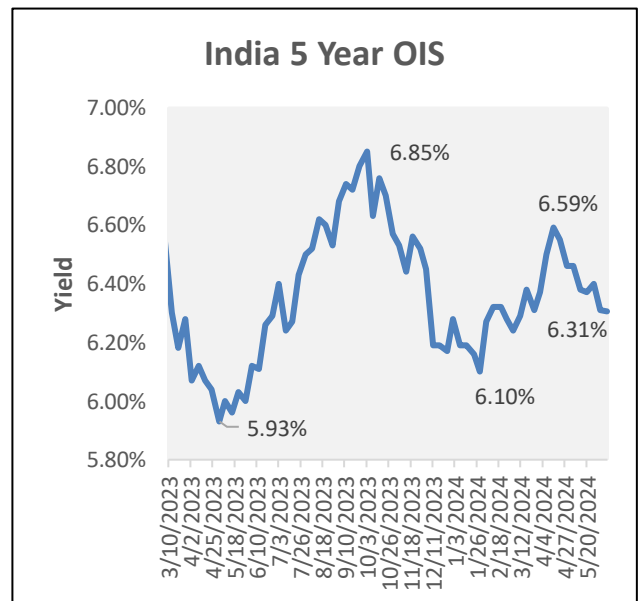
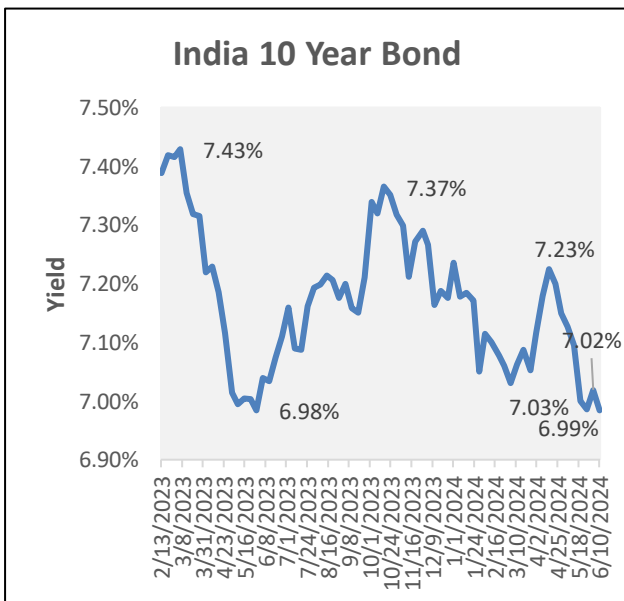
*MIBOR is recorded Friday to Friday while other international benchmarks are recorded Thursday to Thursday.

Liquidity Adjustment Conducted By RBI	13th June 2024	6th June 2024	Change
Injected (+)/ Absorbed (-) as on Thursday. [In Rs. Crs.]	14,822.01	(45,019.99)	59,842.00

*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

This data is recorded Friday to Friday

Yields (Annualised-P.A)	Current Week	Previous Week	Change
India 3 Month-T-Bill	6.85%	6.88%	-0.03%
India 6 Month T-Bill	6.99%	7.03%	-0.04%
India 5 Year Benchmark Yield	7.00%	7.02%	-0.02%
India 10 Year Benchmark Yield	6.98%	7.02%	-0.04%
US 10 Year Benchmark Yield	4.22%	4.44%	-0.21%
EU 10 Year Benchmark Yield	2.36%	2.62%	-0.27%
Japan 10 Year Benchmark Yield	0.93%	0.96%	-0.03%
UK 10 Year Benchmark Yield	4.05%	4.25%	-0.21%



Fund Type	Annualized Weekly Return (P.A)
Liquid Funds	6.94%
Ultra Short Duration	6.10%
Short Duration	10.48%
GILT	23.66%

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

Key Events [14-June-24 to 21-June-24]	Date	Previous Number	Forecasted Number
Euro HICP Final (MoM)*	18-Jun-24	0.60%	0.20%
US Retail Sales (MoM)*	18-Jun-24	0.00%	0.20%
US Industrial Production (MoM)*	18-Jun-24	0.00%	0.30%
Japan Trade Balance Total Yen (Revised)*	19-Jun-24	-465.6B	-1313.7 B
UK Core CPI (YoY)*	19-Jun-24	4.83%	4.89%
China Prime Rate 1Y	20-Jun-24	3.95%	-
UK BOE Bank Rate*	20-Jun-24	5.25%	5.25%
US Initial Jobless Claim*	20-Jun-24	242k	232k
Euro Consumer Confidence Flash*	20-Jun-24	-14.30	-13.50
Japan Core CPI (YoY)*	21-Jun-24	2.20%	2.60%
UK Retail Sales (MoM)*	21-Jun-24	-2.30%	1.50%
Euro HCOB Composite Flash*	21-Jun-24	52.20	52.50
UK Flash Composite PMI*	21-Jun-24	53.00	53.20

*Source: Reuters Poll

Market Outlook

India's YoY industrial production growth slowed to 5% in April compared to March's 5.4%, while manufacturing production decreased to 3.9% from the previous 5.2%. Consumer inflation for May eased to 4.75%, down from April's 4.83%, reaching a 12-month low. Despite this, food inflation remained high, though there is a positive outlook due to the anticipation of a normal monsoon.

The US CPI Inflation data for May 2024 shows headline MoM inflation at 0%, lower than the previous 0.3% and expected 0.1% (Reuters), indicating price stabilization. Headline YoY inflation decreased to 3.3%, slightly below the previous and expected 3.4% (Reuters). Core inflation also showed a slower rate of increase, with MoM at 0.2% and YoY at 3.4%. Since, the YoY inflation of 3.4% is higher than the FED's threshold of 2% and might drift lower from these levels, thereby projecting only one rate cut this year.

Meanwhile, the BOJ decided to keep its policy rates unchanged at 0.0%-0.1%. The BOJ plans to trim bond buying to allow more flexible long-term interest rates, with a specific reduction plan to be decided at the next policy meeting.

India 10 Year (6.991%): The currency made a high of 7.055% before falling to a low of 6.975%, aligning with last week's expectations. A corrective rise to the 7.025%/7.045% area is likely before declining towards 6.92%/6.90%, with an unexpected rise above 7.067% potentially delaying the decline.

US 2 Year (4.707%): The US 2-year yield at 4.707% shows a bearish engulfing pattern, suggesting a decline below the 50-week EMA at 4.64% towards support at 4.57%. Resistance levels are at 4.755/4.775%, with a rise above 4.819% potentially delaying the decline, and the next critical resistance at 4.859%.

End of report

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