

Bond Market Review

3-Feb-12

G-Secs remained firm & traded in 3-4bps range as the market awaits outcome of the OMO today. The 10 y benchmark yield hit an intra-day low of 8.11% before profit booking at these levels led the bond to close at 8.13%.

Govt discontinued the release Weekly inflation with effect from Thursday & would release only the monthly data from now on.

US treasuries firmed despite positive economic data mainly on dovish comments from Fed Chairman Bernanke who categorized the economic recovery as "frustratingly slow" and "vulnerable to shocks" and reinforced that he considered a highly accommodative monetary policy as appropriate.

The rupee rallied hitting a 3 month high of 48.94 but fell thereon on profit booking & volatile equities after the Supreme Court verdict on 2G licenses.

The 10 yr benchmark opened flat at 8.13% & the rupee opened 5p stronger at 49.11.

	Close	Change
CBLO	8.41	-10
3M Tbill	8.74	3
1Y Tbill	8.44	0
10Y Gsec	8.13	-1
10Y Future	8.38	-2
Gold/10g	28093	-77
INR	49.16	-11

	Close	Change	Spread
3m CD	9.98	0	
1Y CD	9.95	-5	
3m CP	10.27	1	
1Y CP	10.41	1	
5Y AAA	9.32	8	82
10Y AAA	9.25	2	92

Rs Bn	Amount	Rate
Net LAF RR	-1202.9	8.50

	Close	Change
10Y UST	1.82	-1
Nymex Crude \$/barrel	96.4	-1.3
Gold \$/ounce	1759	16.1
Dollar Index	79.0	0.1

%	Ann Growth
Credit Offtake	17.03
Deposits	17.22
M3	15.80

All levels in %, bps for change and spread

From the Fixed Income Desk

R. Sivakumar
Ninad Deshpande
Anurag Mittal

Axis Asset Management Company
Axis House, 1st Floor Bombay Dyeing Mills Compound,
Pandurang Bhudkar Marg, Worli,
Mumbai - 400 025, India

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