

The Indian 10-year benchmark government bond (6.48 2035) yield ended at 6.7369% after closing at 6.7330% on Wednesday.

Benchmark bond yield rose by 6 bps this week from the prior closing of 6.68%, largely on account of rupee depreciation led by higher crude prices. Oil spiked to \$120/barrel on Thursday after Iran's strike on Qatar's LNG facility, lifting weekly gains to nearly 7%, while OIS rates also edged higher amid weaker sentiment. Traders suspect central bank activity in the secondary market, while investors are now focused on the Reserve Bank of India's upcoming April policy review for any shift in tone.

The rupee slipped more than 1% this week, touching 93.7350 against the dollar and surpassing Wednesday's record low of 92.63. It settled at 93.71, down 1.3% on the week the sharpest fall since late 2022.

Spreads: For the week, the yield curve reflected divergent movements: the 5Y-1Y spread widened by 5 bps, while the 5Y-10Y spread narrowed by 3 bps. This left the 1Y-10Y curve marginally steeper, with the spread at 112 bps.

Globally, most major developed market central banks held policy rates steady this week, while signaling readiness to act against inflation risks stemming from the energy shock triggered by U.S.-Israeli strikes on Iran. The Fed, BoC, ECB, and BoE all maintained rates with a hawkish tone, while the Bank of Japan also kept rates unchanged but left the door open for a possible hike in April.

Market Observations

G-sec

- 30-year maturity G-sec switch (7.30 2053 vs 7.09 2054) was dealt at parity between PSU Banks, Foreign Banks and Pension Funds to the combined tune of 520crs.
- FRB 2034 was actively sought after by Private Sector Banks at 6.15 centric levels, where PSU Banks acted as major sellers.

Corp Bond

- Trading volumes were largely concentrated in the medium-term segment followed by short term MMY segment. Yields were trading more or less flattish today with slightly upward bias. Indicative AAA-rated PSU bond yields traded at 1Y (7.37%), 3Y (7.42%), 5Y (7.47%), 10Y (7.53%), with mutual funds and banks being the major participants.

CP/CD

- Yields were more or less flattish today, with the 3-month CD at 7.30%, the 6-month at 7.35%, and the 1-year at 7.10%. Trading volumes were concentrated in the 2M, 3M and the 1Y segment with mutual funds being the major market participant.

GOI Yield	20-Mar	18-Mar	13-Mar	18-Feb
1 Year	5.62	5.63	5.57	5.51
5 Year	6.43	6.39	6.33	6.29
10 Year	6.74	6.73	6.68	6.68

AAA Bmk	20-Mar	18-Mar	13-Mar	18-Feb
1 Year	7.37	7.33	7.27	7.05
5 Year	7.47	7.50	7.43	7.20
10 Year	7.53	7.53	7.50	7.45

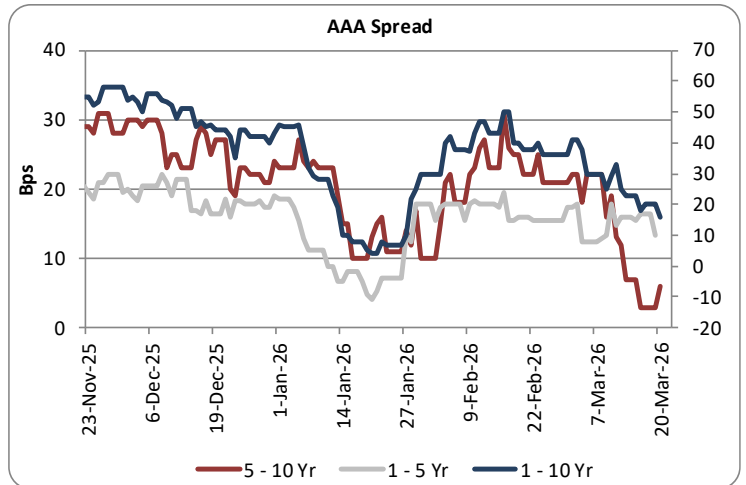
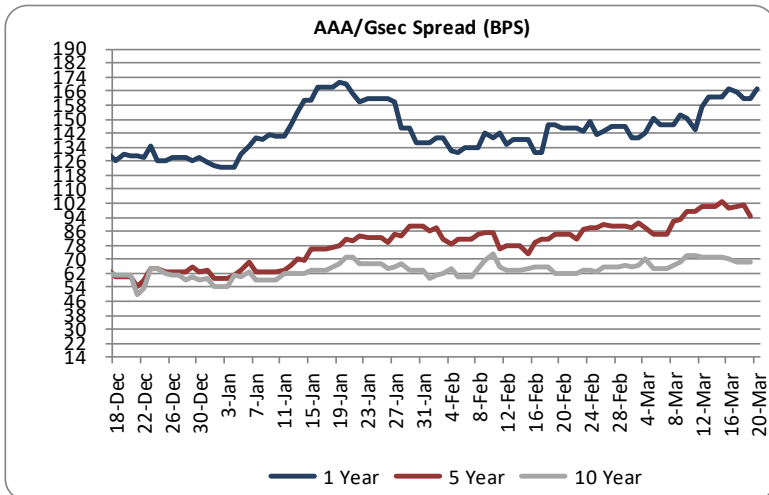
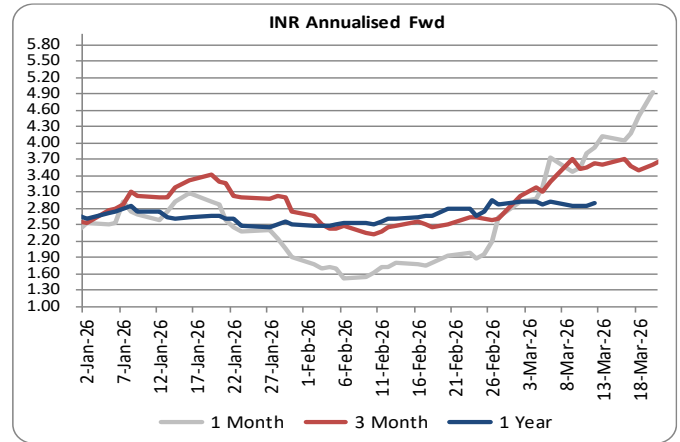
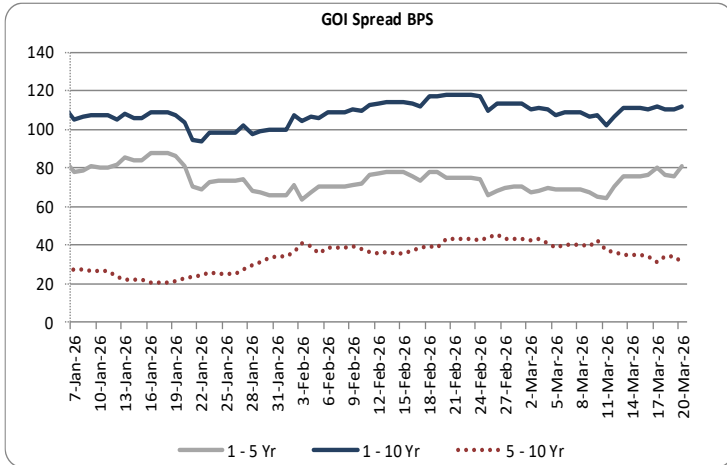
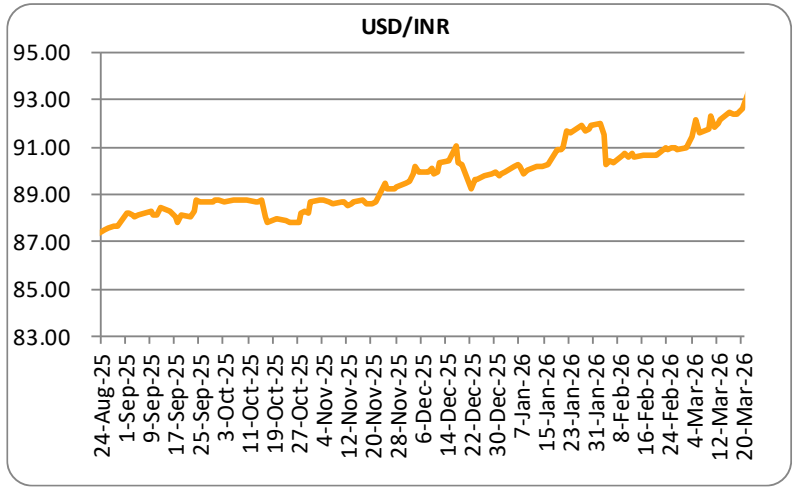
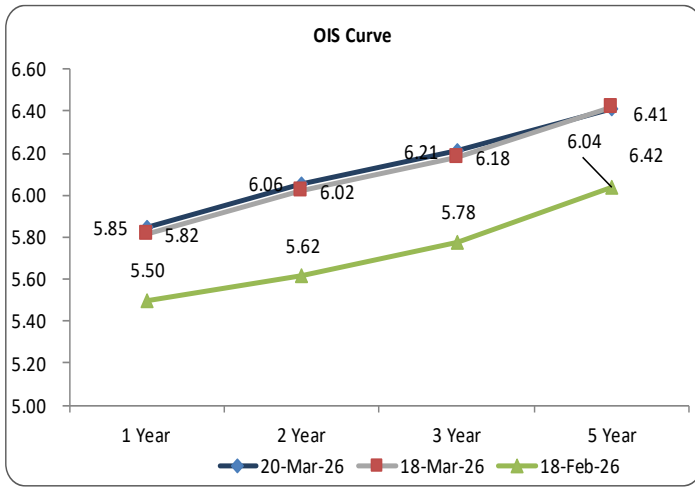
CD	20-Mar	18-Mar	13-Mar	18-Feb
3 Month	7.30	7.30	7.45	7.00
6 Month	7.35	7.35	7.40	7.05
1 Year	7.10	7.10	7.35	6.90

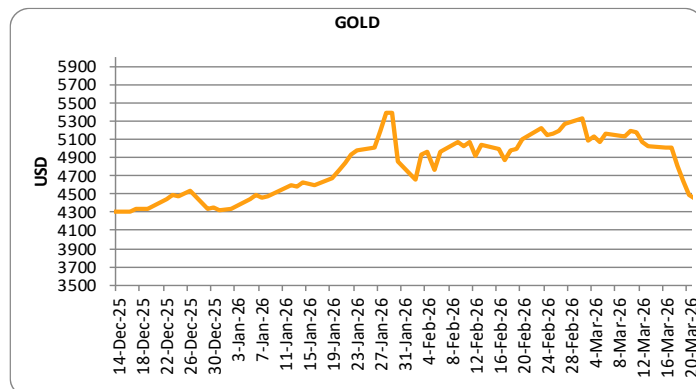
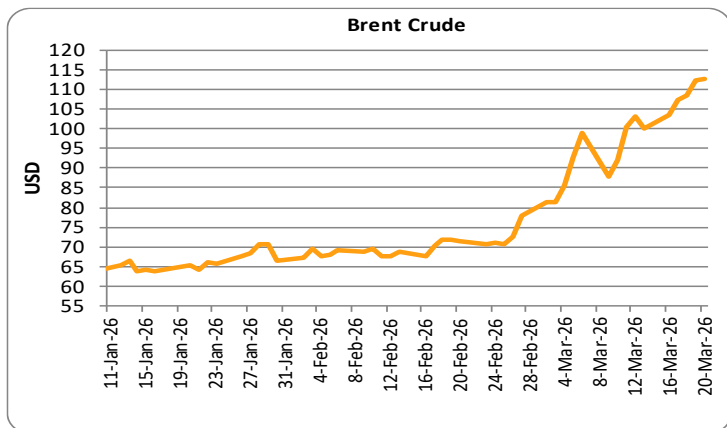
CP	20-Mar	18-Mar	13-Mar	18-Feb
3 Month	7.35	7.35	7.50	7.05
6 Month	7.40	7.40	7.45	7.10
1 Year	7.15	7.15	7.40	6.95

OIS Rate	20-Mar	18-Mar	13-Mar	18-Feb
1 Year	5.85	5.82	5.84	5.50
2 Year	6.06	6.02	6.04	5.62
3 Year	6.21	6.18	6.18	5.78
5 Year	6.41	6.42	6.39	6.04

	20-Mar	18-Mar	13-Mar	18-Feb
Sensex	74,533	76,704	74,564	83,734
Nifty	23,115	23,778	23,151	25,819
USD/INR	93.71	92.63	92.46	90.67
Gold (USD)	4,488	4,818	5,018	4,979
Oil (USD)	112.19	107.38	103.14	70.35

NDF	20-Mar	18-Mar	13-Mar	18-Feb
3 Month	94.59	94.01	93.42	91.37
1 Year	96.53	95.94	95.35	93.15
2 Year	99.49	98.96	98.24	96.09
3 Year	102.79	102.26	101.56	98.83





Sources: Reserve Bank of India, Bloomberg, Reuters, CCIL and FIMMDA.

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