

# Weekly Update

## Debt Market

**For the Week ended 19<sup>th</sup> August 2016**

### G-Sec Yield

| Type     | Current (%) | Change Over (bps) |         |         |
|----------|-------------|-------------------|---------|---------|
|          |             | 1 Week            | 1 Month | 3 Month |
| 1 Year   | 6.76        | -7.3              | -7.0    | -23.6   |
| 2 Years  | 6.85        | -0.3              | -6.6    | -29.9   |
| 5 Years  | 7.09        | 3.9               | -8.1    | -40.0   |
| 10 Years | 7.20        | -0.6              | -21.3   | -45.4   |
| 15 Years | 7.24        | -0.9              | -32.7   | -49.4   |
| 20 Years | 7.28        | 6.1               | -24.7   | -53.8   |
| 30 Years | 7.30        | 4.2               | -30.4   | -56.6   |

Source: CCIL

### MIBOR OIS

| Type    | Current (%) | Change Over (bps) |         |         |
|---------|-------------|-------------------|---------|---------|
|         |             | 1 Week            | 1 Month | 3 Month |
| 1 Year  | 6.55        | 2.79              | 5.74    | -12.57  |
| 2 Years | 6.37        | 1.66              | 0.59    | -20.86  |
| 3 Years | 6.40        | 1.42              | -0.98   | -23.04  |
| 5 Years | 6.50        | 0.21              | -5.51   | -24.08  |

Source: CCIL

### OIS/G Sec Spread

| Type    | Current (bps) | Change Over (bps) |         |         |
|---------|---------------|-------------------|---------|---------|
|         |               | 1 Week            | 1 Month | 3 Month |
| 2 years | -48           | -50               | -56     | -55     |
| 5 years | -58           | -55               | -61     | -72     |

Source: CCIL

### Money Market Operations

|                            |        |
|----------------------------|--------|
| Repo Rate under LAF        | 6.50%  |
| Reverse Repo Rate          | 6.00%  |
| Cash Reserve Ratio         | 4.00%  |
| Statutory Liquidity Ratio  | 21.00% |
| Marginal Standing Facility | 7.00%  |

Source: RBI

### Commodity Trends

| Particular        | As on 19th August 2016 |
|-------------------|------------------------|
| Gold (\$/Ounce)   | 1352.95                |
| Silver (\$/Ounce) | 19.28                  |
| Crude (\$/bbl)    | 48.20                  |

Source: CCIL

### Highlights of the week

- The Government of India conducted the auction of "7.80% Government Stock 2021", "7.59% Government Stock 2029", "7.73% Government Stock 2034" and "8.13% Government Stock 2045" for the notified amounts of 3,000 crore, 8,000 crore, 2,000 crore and 2,000 crore respectively on August 19, 2016. The cut-off yields were set at 7.0649%, 7.2255%, 7.2413% and 7.2927% respectively.
- Seventeen State Governments have offered to sell 5/10/20 year securities by way of auction for an aggregate amount of 14,075.00 crore (Face Value) on August 23, 2016.
- The annual rate of inflation, based on monthly WPI, stood at 3.55% (provisional) for July 2016 as compared to 1.62% (provisional) for May 2016 and -4.0% during July 2015. The annual rate of inflation based on final index was higher at 1.24% for May 2016 as compared to 0.79% reported earlier.
- The Reserve Bank of India has announced the auction of 91-day Government of India Treasury Bills for notified amount of Rs 8,000 crore. The auction will be conducted on August 24, 2016 using "Multiple Price Auction" method.
- Global Crude oil price of Indian Basket was US\$ 48.20 per bbl on 19.08.2016 compared to US\$ 43.51 per bbl on 12.08.2016.

### Currency Indicators

| Particular | As on 19th August 2016 |
|------------|------------------------|
| Rs/ Dollar | 66.93                  |
| Rs/ Euro   | 75.87                  |
| Rs/ Pound  | 87.97                  |

Source: CCIL

### Money Market Rates

| Type | Current (%) | Change Over (bps) |         |         |
|------|-------------|-------------------|---------|---------|
|      |             | 1 Week            | 1 Month | 3 Month |
| CBLO | 4.79        | -176.1            | -168.6  | -171.07 |
| Repo | 6.40        | -12.34            | -0.42   | -3.13   |
| Call | 6.40        | -6.26             | 0.88    | -13.10  |

Source: CCIL

### Money Market Trade Volumes

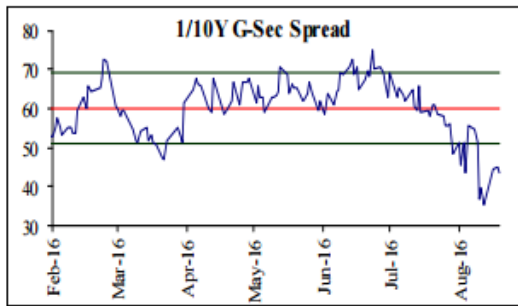
| Type | Current (Rs In Cr) | Change Over (Rs. Crs) |         |         |
|------|--------------------|-----------------------|---------|---------|
|      |                    | 1 Week                | 1 Month | 3 Month |
| CBLO | 61364              | 86333                 | 90685   | 86291   |
| Repo | 93152              | 43553                 | 44083   | 34335   |
| Call | 21231              | 15922                 | 14599   | 14415   |

Source: CCIL

### Highlights of the week

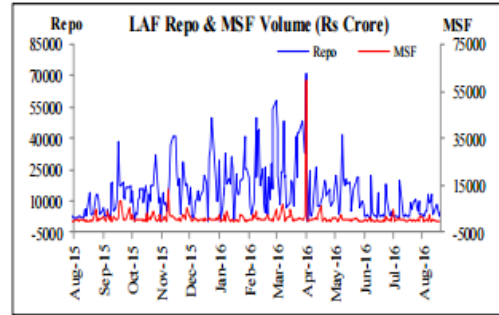
- Direct tax collections upto July 2016 indicate net revenue collections of 1.59 lakh crore, a growth of 24.01% over corresponding period in FY16 and 18.82% of the Budget Estimates of direct taxes in FY17.
- On August 25th RBI will unveil a set of measures to improve the functioning of markets, especially the corporate bond markets.
- India's exports declined 6.84% in July 2016 to \$21.69 billion from \$23.28 billion in July 2015. Imports fell 19.03% to \$29.45 billion from \$36.37 billion. The overall trade deficit for April-July 2016 was estimated at US\$10.80 billion which was 63.38% lower than the deficit of US\$29.49 billion during April-July 2015.
- India's mutual fund sector hit a milestone of 15.18 lakh crore in assets under management in July.
- RBI deputy governor SS Mundra said that fresh bad loan accretion in the banking sector is on the decline, and expressed satisfaction on the loan recovery figures reported in first quarter.
- RBI Governor Raghuram Rajan called for a level playing field between public and private sector banks besides expressing concern over the rush into retail credit at the expense of project finance at a time when India needs massive infrastructure funding.
- RBI published the report of the working group on corporate bond market in India.
- As per Care Ratings, the banking sector's NPAs almost doubled to 8.50% in the first quarter driven by surging bad assets of state-run lenders.
- RBI retained inflation projections as given in the June bi-monthly statement, i.e. of a central trajectory towards 5% by March 2017 with risks tilted to the upside.
- RBI Governor Raghuram Rajan said that these are interesting, profitable, and challenging times for the Indian financial sector and banks should tap their large low-cost deposits from casa accounts to finance infrastructure project.
- Moody's Investors Service retained India's growth forecast at 7.50% for 2016 but revised upwards estimates for China to 6.60% citing strong fiscal and monetary support.
- Moody's stated that RBI should continue with its policies and communication showing commitment to achieve its inflation target.
- Japan's economy grew an annualized 0.20% in the April-June quarter while posting flat growth on quarterly basis.
- BOE Chief Economist Andy Haldane said monetary policy can't fully insulate Britain from the long-term effects of Brexit.
- Consumer-price growth in the U.K. increased to 0.60% in July from 0.50% in June.
- Federal Reserve Bank of San Francisco President John Williams called for monetary and fiscal policy makers to rethink the way they operate.

**G-Sec Markets**



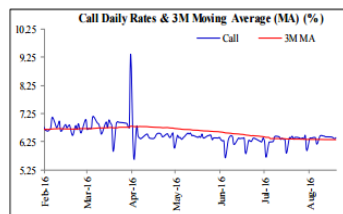
Source: CCIL

**Liquidity**

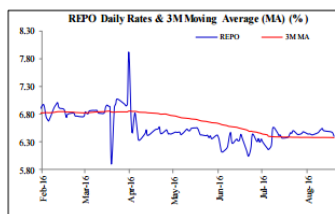


Source: CCIL

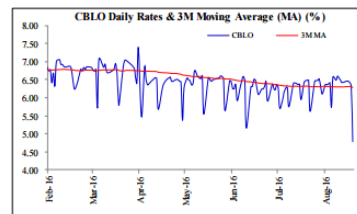
**Money Market**



Source: CCIL

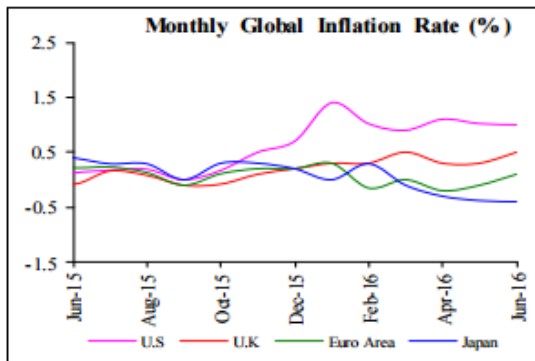


Source: CCIL

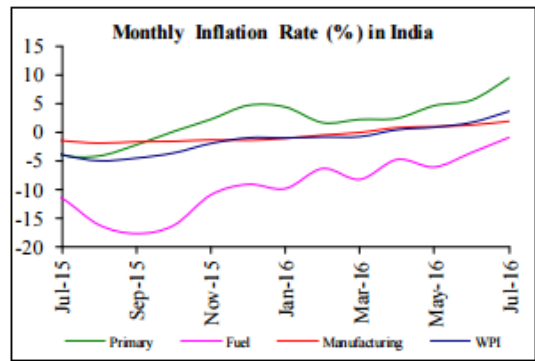


Source: CCIL

**Macro-Economic Indicators**



Source: CCIL



Source: CCIL

This document is only for private distribution and should not be reproduced or redistributed without prior permission. CapitalSquare Advisors Private Limited has taken due care and caution in preparing this document. However, it does not guarantee the accuracy, adequacy, completeness and reliability of any information. This report is only for the purpose of information and not to be interpreted as an offer to sell or buy or make any investments. Neither CapitalSquare Advisors Private Limited nor any person associated with it is liable for any, direct or indirect, consequential or incidental damages or loss arising out of the use of this information. Recipients are advised to use their own judgmental view to take a call. CapitalSquare Advisors Private Limited may provide or has provided corporate finance, investment banking or other advisory services to the companies referred to in this report.

**CapitalSquare Advisors Pvt. Ltd.**  
209, Aarpee Centre, 2<sup>nd</sup> Floor, CTS 70,  
MIDC Road no 11, Andheri (E), Mumbai - 400 093

**Sunil Manocha**  
MD & CEO  
+91 | 9867009713  
022 66849900  
[sunil.manocha@capitalsquare.in](mailto:sunil.manocha@capitalsquare.in)

**Sushil Kumar Singh**  
Senior Associate  
+91 | 9821059263  
022 66849906  
[sushil.singh@capitalsquare.in](mailto:sushil.singh@capitalsquare.in)