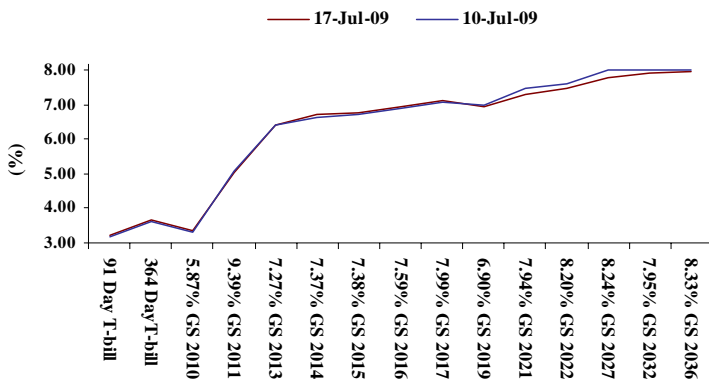


## MARKET SNAPSHOT

	17-Jul-09	10-Jul-09
<b>Indicators</b>		
CALL Wt Avg. (%)	3.21	3.23
CBLO Wt Avg. (%)	2.08	2.95
WPI (%)	-1.21	-1.55
Crude (USD/bbl)	62.02	60.41

AAA Corporate Bond Yields and Spread				
	Yield (%) Annualised		Spread over Gsec	
	17-Jul-09	10-Jul-09	17-Jul-09	10-Jul-09
1 Year	5.70	5.65	165	147
3 Year	7.07	7.20	124	138
5 Year	7.90	8.00	130	149
10 Year	8.56	8.64	124	165

Government Security (indicative annualised) 17-July-09				
Security	Traded Price		Traded Yield	
	Closing Price (Rs.)	Previous Close (Rs.)	Closing Yield (%)	Previous Close (%)
91 Day T-bill	99.23	99.24	3.20	3.18
364 Day T-bill	96.48	96.53	3.66	3.60
5.87% GS 2010	101.13	101.19	3.36	3.32
9.39% GS 2011	108.10	108.09	5.04	5.09
7.27% GS 2013	103.45	103.48	6.40	6.40
7.37% GS 2014	103.00	103.40	6.73	6.63
7.38% GS 2015	103.55	103.73	6.77	6.74
7.59% GS 2016	104.05	104.16	6.94	6.92
7.99% GS 2017	105.98	106.11	7.12	7.10
6.90% GS 2019	100.32	100.20	6.97	6.99
7.94% GS 2021	105.90	104.75	7.32	7.47
8.20% GS 2022	106.90	105.80	7.48	7.62
8.24% GS 2027	105.70	103.65	7.79	8.01
7.95% GS 2032	101.61	100.74	7.95	8.03
8.33% GS 2036	105.80	105.40	7.96	8.00



### Highlight of the week:

The RBI announced its issuance calendar for marketable dated securities for the second quarter of the fiscal year 2009-10 covering the period July 18, 2009 to September 30, 2009. The indicative issuance for this period stands at Rs.1,10,000 Cr. The RBI reiterated OMO purchases to the tune of Rs.80,000 Cr in the first half of the fiscal via auctions to be conducted every alternate week.

### G-Sec Market:

The G-Sec market started the trade week with a bullish tinge tracking the reduced auction size for the week under review. The momentum was lost mid week amidst uncertainty with respect to future borrowings. The market indulged into a vivacious rally tracking comments from several senior Officials. The comments mulled the front loading of the calendar, the auction size being around Rs.15,000 Cr for auctions in the current quarter, the borrowing to be supported by OMO purchases as well as greater borrowing through T-Bills and shorter papers. The announcement of the auction calendar provided clarity with respect to the extent of frontloading of borrowing. Despite the supply lined up on Friday, the market traded strong in wake of the calendar being in line with market expectations. The 10 year Benchmark security ended at 6.90% GS 2019 at Rs.100.32 (6.85%) vis-à-vis Rs.100.20 (6.87%).

### T-Bill Auctions:

RBI set the cut-off price for the 91 Day T-Bill at Rs.99.19 (3.27%) (3.23% observed last week) and for the 364 Day T-Bill at Rs.96.45 (3.69%) (previous cut-off at 3.81%). Both the bills were fully subscribed.

RBI announced the sale of 91 Day T-Bill for a notified amount of Rs.8,000 Cr and 182 Day T-Bill for Rs.1,500 Cr. The auctions will be conducted via the multiple price method on July 22.

### G-Sec Auctions:

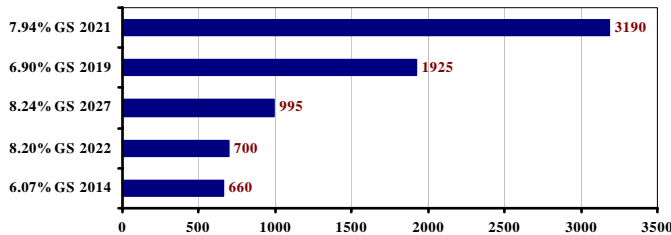
RBI announced the sale of the security 6.49% GS 2015 for a notified amount of Rs.6,000 Cr and 6.90% GS 2019 for Rs.6,000 Cr via uniform price auctions to be conducted on July 24.

RBI set the cut-off price for the security 6.07% GS 2014 at Rs.98.27 (6.49%), for 7.94% GS 2021 at Rs.106.06 (7.17%) and for 7.40% GS 2035 at Rs.96.25 (7.73%). The three papers were fully subscribed, the cut-off yields being aggressive in comparison to market expectations.

### SDL Auctions:

5 states announced the sale of their 10 year State Development Loans via auctions to be conducted on July 21 to raise an aggregate amount of Rs.6,300 Cr. The notified

Top Traded Securities as on Jul 17



Government Borrowing Programme (Rs. Cr.)	
Budgeted Net Government Borrowings for 2009-10	397957
Budgeted Gross Borrowings for 2009-10	477093
Of which G-sec	451093
364 Day T-Bills	26000
Net Borrowings till Date	122911
Gross Borrowings till Date	197000
G-sec	189000
364 Day T-Bills	8000
Gross Borrowings Programme Completed (%)	41.29%
MSS Outstandings (T-bill and Dated Securities)	22272
OMO purchases in 2009-10	29850

Special Bonds	Indicative Yield (%) Annualised	Indicative Price
8.30% FERT 2023	7.90	104.70
7.95% FERT 2026	7.90	101.85
8.20% OIL 2024	7.95	103.45
8.40% OIL 2026	7.95	105.55
8.03% FCI 2024	7.90	102.50
8.23% FCI 2027	7.90	104.55

Forthcoming Auctions		
Security	Date of Auction	Amount (Rs. Cr.)
SDL Auctions	21-Jul-09	6300
91 Day T-Bill	22-Jul-09	8000
182 Day T-Bill	22-Jul-09	1500
6.49% GS 2014	24-Jul-09	6000
6.90% GS 2019	24-Jul-09	6000

amounts for the same are as follows: Andhra Pradesh - Rs.1,000 Cr, Gujarat - Rs.1,500 Cr, Maharashtra - Rs.3,000 Cr, Uttar Pradesh - Rs.500 Cr and Uttarakhand - Rs.300 Cr.

■ **Corporate bonds:**

The beginning of the week witnessed the scrapping of SAIL issue (15 year bond) due to higher yield demanded by investors. Though the market started range bound, the scrapping of the issue turned out to be positive for the market going into the week. The traders exhibited greater interest taking cues from the volatile G-Sec market. Demand from the PF segment remained average. The market gradually moved from the short end of the curve to the longer tenor. This led to a marginal sell-off in the shorter segment.

The 10 year AAA bond was seen being quoted at a yield of around 8.56% at the end of the week, as against 8.64% a week earlier and the 1 year at 5.70% compared to 5.65% the previous week. The 1 year CD traded at 5.2%, higher than 5.15% observed on July 10.

In the primary market, Shriram Transport Fin came up with the sale of its 10.75% (annual coupon) with a tenor of 63 months to raise Rs.25+ Cr. L&T Finance raised Rs.250 Cr via the issuance of 8.10% (annual) 2 year maturity bond. Kalpataru Power Transmission raised Rs.70 Cr by issuing 5 year bonds. The 3 year IOC paper saw a cut-off yield of 7% (raised Rs.2,000 Cr) and a good response from the investor fraternity.

■ **Money market:**

Money market rates remained range bound amidst a week that witnessed a steep reduction in the average volumes parked with the RBI via the LAF Reverse Repo window. The average absorption seen at the LAF window stood at Rs.1,28,044 Cr as against Rs.1,41,764 Cr seen a week earlier. The Call ended at an average rate of 3.21% on Friday as compared to 3.23% observed a week earlier. The CBLO ended at an average rate of 2.08% v/s 2.95% previously.

■ **Macro- Economic Indicators:**

The provisional WPI inflation rate for the week ended July 4 inched northwards to (-) 1.21% vis-à-vis (-) 1.55% observed a week earlier. The Primary articles index remained unchanged, the Fuel & Power index rose by 3.1% and the Manufactured Products index rose by 0.2%. This was primarily due to the rise in naphtha, petrol and diesel prices in the week under review. The revised inflation rate for the week ended May 9 stood at 1.56% as against the provisional rate of 0.61%.

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