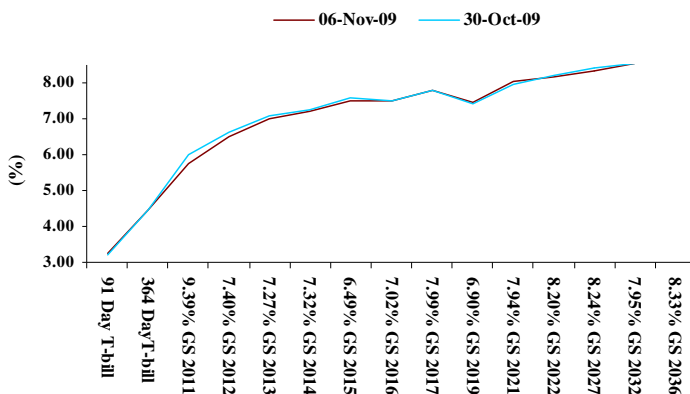


MARKETSNAPSHOT

	06-Nov-09	30-Oct-09
Indicators		
CALL Wt Avg. (%)	3.22	3.28
CBLO Wt Avg. (%)	1.38	2.69
WPI (%)	1.51	1.51
Crude (USD/bbl)	79.62	79.87

AAA Corporate Bond Yields and Spread				
	Yield (%) Annualised		Spread over Gsec	
	6-Nov-09	30-Oct-09	6-Nov-09	30-Oct-09
1 Year	6.10	6.20	148	166
3 Year	7.65	7.78	114	104
5 Year	8.37	8.46	113	96
10 Year	8.76	8.80	132	137

Government Security (indicative annualised) 6-Nov-09				
Security	Traded Price		Traded Yield	
	Closing Price (Rs.)	Previous Close (Rs.)	Closing Yield (%)	Previous Close (%)
91 Day T-bill	99.22	99.24	3.24	3.22
364 Day T-bill	95.78	95.87	4.45	4.46
9.39% GS 2011	105.79	105.45	5.73	5.99
7.40% GS 2012	102.23	101.98	6.52	6.64
7.27% GS 2013	101.30	101.00	6.99	7.09
7.32% GS 2014	100.95	100.85	7.21	7.24
6.49% GS 2015	96.05	95.66	7.50	7.59
7.02% GS 2016	98.23	98.19	7.49	7.50
7.99% GS 2017	102.00	102.06	7.78	7.77
6.90% GS 2019	97.18	97.27	7.44	7.43
7.94% GS 2021	100.50	101.10	8.03	7.94
8.20% GS 2022	101.43	101.25	8.17	8.20
8.24% GS 2027	100.50	100.06	8.35	8.40
7.95% GS 2032	95.67	95.58	8.55	8.56
8.33% GS 2036	98.81	98.45	8.62	8.66



G-Sec Market:

The week under review witnessed alternated swings between rising prices and rising yields. The week began on a buoyant note in wake of the lower crude oil price and comments from the Finance Ministry supporting the current accommodative stance. Midweek the recovery in the domestic and global equity markets and expectations of a further rise in the US Treasury yields marred the sentiment. Towards the fag end of the week the fresh supply lined up pushed the G-Sec yields northwards however the aggressive auction results contained the losses. The 10 year Benchmark security 6.90% GS 2019 ended at Rs.97.18 (7.31%) vis-à-vis Rs.97.27 (7.30%) last week.

T-Bill Auctions:

RBI set the cut-off price for the 91 Day T-Bill at Rs.99.19 (3.28%) (3.23% observed last week) and for the 364 Day T-Bill at Rs.95.68 (4.53%) (previous cut-off at 4.54%). Both the bills were fully subscribed.

RBI will conduct the sale of 91 Day T-Bill for a notified amount of Rs.5,000 Cr and 182 Day T-Bill for Rs.2,000 Cr via multiple price auctions on November 11.

G-Sec Auctions:

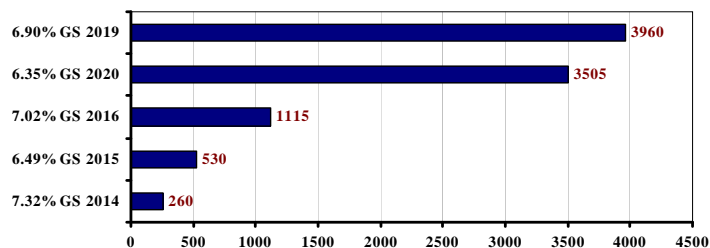
RBI announced the sale of the security 7.02% GS 2016 for a notified amount of Rs. 3,000 Cr, 6.90% GS 2019 for a notified amount of Rs. 4,000 Cr and 8.24% GS 2027 for Rs.3,000 Cr via uniform price auctions to be conducted on November 13.

RBI set the cut-off price for the security 7.32% GS 2014 at Rs.100.93 (7.09%), for 6.35% GS 2020 at Rs.90.14 (7.77%) and for 7.50% GS 2034 at Rs.91.15 (8.35%) for the auctions conducted on November 6. All three papers were fully subscribed.

SDL Auctions:

Six states announced the sale of their 10 year State Development Loans to raise an aggregate amount of Rs.4,106.36 Cr via yield based auctions to be conducted on November 10. The notified amounts for the same are as follows: Bihar – Rs.600 Cr, Chhattisgarh – Rs.700 Cr, Punjab – Rs.200 Cr, Rajasthan – Rs.500 Cr, Tamil Nadu – Rs.800 Cr and Uttar Pradesh – Rs.1,306.36 Cr.

Top Traded Securities as on Nov 6



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	300911
Gross Borrowings till Date	356000
G-sec	334000
364 Day T-Bills	22000
Gross Borrowings Programme Completed (%)	74.62%
MSS Outstandings (T-bill and Dated Securities)	18772
OMO purchases in 2009-10	57487

Special Bonds	Indicative Yield (%) Annualised	Indicative Price
8.30% FERT 2023	8.35	100.95
7.95% FERT 2026	8.35	97.90
8.20% OIL 2024	8.35	100.15
8.40% OIL 2026	8.35	101.95
8.03% FCI 2024	8.35	98.65
8.23% FCI 2027	8.35	100.45

Forthcoming Auctions		
Security	Date of Auction	Amount (Rs. Cr.)
SDL Auctions	10-Nov-09	4106.36
91 Day T-Bill	11-Nov-09	5000
182 Day T-Bill	11-Nov-09	2000
7.02% GS 2016	13-Nov-09	3000
6.90% GS 2019	13-Nov-09	4000
8.24% GS 2027	13-Nov-09	3000

■ Corporate bonds:

RBI's decision to restrict NCD issuances of less than 90 day maturity has eventually made MIBOR linked FRB bonds unattractive. The move could indirectly attract greater CP issuances in the future. The corporate bond market witnessed moderate demand from the PF segment. The trader and MF fraternity remained active in the 3-5 year segment. The announcement of REC's primary issue capped gains in the bond prices. However, post successful subscription of the issue demand piled up which resulted in a 10 bps rally in the 3 year segment and 5 bps in the 10 year segment. A positive bias was also exhibited in the 3-6 months CP and CD market.

The 10 year AAA bond was seen being quoted at a yield of around 8.76% at the end of the week, as compared to 8.80% a week earlier and the 1 year at 6.10%, against 6.20% the previous week. The 1 year CD traded at 5.60%, lower than 5.70% observed on October 30.

With respect to the issuances in the primary market, NHB raised Rs.500 Cr via sale of 6.90% (annual coupon) 3 year maturity bonds. REC came up with the sale of its 7.75% (annual) 3 year maturity and 8.80% (annual) 10 year maturity bonds to raise Rs.1,800 Cr. IDFC raised Rs.100 Cr via issuance of 7.10% (annual) 2 year bonds. IDFC also raised Rs.500 Cr via issuance of 6.25% Jan 2011 paper and 6.35% Mar 2011 paper. LIC Housing Finance issued 3 year tenor bonds offering an annual coupon of 7.76% to raise Rs.300+ Cr.

■ Money market:

Amidst ample systemic liquidity, the funds deployed at RBI's LAF Reverse Repo window marked a significant rise. The average daily volume of funds parked by the market participants stood at Rs.1,28,994 Cr vis-à-vis Rs.95,279 Cr observed a week earlier. Money market rates plummeted ahead of the Reporting fortnight. The Call ended at an average rate of 3.22% on Friday as compared to 3.28% observed a week earlier. The CBLO ended at an average rate of 1.38% v/s 3.69% previously.

■ **Macro- Economic Indicators:**

As per the decision of the Cabinet Committee of Economic Affairs (CCEA), the weekly release of Wholesale Price Index would henceforth cover only the Primary Articles and commodities in the broad group Fuel, Power, Light & Lubricants. Henceforth, the WPI would be released on a monthly basis beginning November 12, 2009 (data for the month of October 2009). For the week ended October 24, the Primary articles declined by 0.1% whereas the Fuel & Power group remained unchanged.

Government Securities

Prasanna Patankar
Manish Jadhvani
Rahul Sangle

Institutional Sales

Siddharth Shah
Subodh Kapadekar
Suresh Gonsalves
Shivangani Singh

Fixed Income Research

Meghna Patel
Mutual Fund
Abhishek Bandiwdekar

Debt Fund Management

Sabita Braganza

Settlements

M N Suresh
Anita P Mohite
Smita Nair
Shyam Margaj

Delhi Office

K K Mittal
Reshu Sharma
Satish Sharma
Bangalore Office
Srinivas R

Risk Management

Kruti Dalal

STCI Primary Dealer Ltd.

Marathon Emperor, Marathon Nextgen Compound, Off Ganpatrao Kadam Marg, Lower Parel (W), Mumbai-400.13
Dealing Room: (022) 24991094-97, (022) 66202217-20 ● Settlements: (022)66202262-64, Fax (022) 66202288
Delhi Office: (011) 23351091 ● Bangalore Office: (080) 22208891
Please mail your feedback to stcipd@stcipd.com ● Website: <http://www.stcipd.com>

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