

Equity Market

- Indian equities ended a fairly volatile session of trade with marginal gains. Caution ahead of the Q2 FY2014 corporate earnings season, starting tomorrow, capped the upside. Automobile stocks rallied, led by Tata Motors on the back of a surge in its September retail sales figures. Other leaders were realty and metal stocks. However, losses in banking and oil and gas stocks partially offset the gains. The Sensex ended at 20,272.91 (+0.12%) and Nifty closed at 6020.95 (+0.22%).
- The BSE Bankex ended lower at 11,725.04 (-0.39%). SBI ended higher at INR 1,633.0 (+1.28%) and ICICI Bank ended down at INR 947.95 (-0.19%).
- Asian stocks ended mostly in the red today. Hang Seng fell by 0.36%, weighed by losses in power stocks on the back of a reported cut in on-grid thermal electricity prices. Shanghai Composite also ended lower by 0.94% amidst caution ahead of a slew of economic data releases due this weekend. Australia's ASX declined by 0.11% as sentiment remained weak following a lower than expected rise in employment for September. Nikkei, however, ended higher by 1.12% led by exporters' stocks. Kospi meanwhile ended largely flat.

Debt Market

- Indian Government bonds opened flat today as markets remained on sidelines ahead of the industrial production print and auction of dated securities worth INR 150 bn scheduled tomorrow. Meanwhile, some intraday weakness in Rupee weighed on the Gilts. However, Gilts reversed most of the intraday losses amidst market reports that India was in talks to join global bond indices. Going ahead, markets will also watch WPI and CPI prints due on Monday for further cues. The yield on the benchmark 7.16% bond due 2023 ended the day at 8.42% as against yesterday's close of 8.46%.
- India's call rate closed at 8.95%, as against yesterday's close of 9.00%. The RBI injected INR 404.97 bn (net), INR 689.15 bn and INR 344.68 bn under LAF, MSF and Special Refinance facility respectively yesterday.
- US Treasuries are trading weaker for the second consecutive day as their safe-haven appeal diminished amidst speculation that the current impasse over Government shutdown and debt ceiling might be resolved soon. However, the losses were limited as the yesterday's auction of 10-year notes worth USD 21 bn saw firm demand. The bid-to-cover ratio in yesterday's auction came at 2.86, higher than 2.45 in the previous 10-year sale. In related news, US President Barack Obama yesterday nominated known-dove Janet Yellen to succeed Ben Bernanke as the next Fed Chairperson. The 10-year benchmark yield is currently trading around 2.70%, as against yesterday's close of 2.66%. (17:30 IST)

Forex Market

- The Indian Rupee commenced the session on a weak note this morning, weighed by broad-based Dollar strength. The Indian Rupee remained under pressure in the early session of trade tracking losses in EM Asian currency peers. However, in the latter session of trade, reports that the Indian Government was in talks for joining global bond indices, aided gains in the Rupee. Meanwhile, the International Finance Corporation (IFC) today launched a Rupee-denominated offshore bond programme (worth USD 1 bn) in Washington DC in a bid to strengthen India's capital markets and attract greater foreign investment. The USD/INR pair ended the session at a more than eight-week low of 61.39 vs. yesterday's close of 61.95.
- The 6 and 12-month forward premia closed at 8.24% and 7.33% respectively compared to the prior close of 8.19% and 7.28%.
- The US Dollar index is trading higher amidst emerging optimism that lawmakers would soon reach an agreement to resolve the debt-ceiling issue. The safe-haven Japanese Yen is trading weak against most of its currency peers on the back of improvement in the global risk sentiment. The Sterling is trading largely flat, holding on to most of yesterday's losses after the BoE maintained the key policy rate unchanged at 0.5%, as per expectations. The Euro, meanwhile, is trading slightly higher after industrial production in France rose for the first time in four months, recording a growth of 0.2% MoM in August vs. last month's contraction of 0.6% MoM. The Dollar index is currently at 80.41 compared to yesterday's close of 80.38. EUR/USD is hovering around 1.3532 vs. yesterday's close of 1.3524; GBP/USD is trading around 1.5959, vs. previous close of 1.5954. USD/JPY is trading around 97.78 compared to previous close of 97.34 (17:30 IST).

Commodities Market

- Crude oil prices are trading higher today on value buying as WTI and Brent declined by 1.82% and 1.00% respectively in yesterday's trading session. Meanwhile, prices also remained supported after Libya's Prime Minister Ali Zaidan was detained by a militant group earlier in the day. Further, optimism over resolution of US debt ceiling issue also aided crude oil prices. However, gains remained limited as US Energy Department reported yesterday that US crude stockpiles rose by 6.8 mn barrels last week. The front-month WTI future is currently trading at USD 101.83/bbl, compared to USD 101.61/bbl yesterday. Brent is trading at USD 109.87/bbl, compared to yesterday's close of USD 109.06/bbl. (17:30 IST)
- Gold prices are trading lower today on the back of a stronger Dollar. Prices remained under pressure amidst optimism over resolution of US fiscal issues. Meanwhile, holdings in SPDR Gold Trust remained steady at 898.18 tonnes yesterday. Spot gold is currently trading at USD 1301.90/oz, as compared yesterday's close of USD 1305.59/oz. (17:30 IST)

Fixed Income Market

GOI Sec Market

Security	Closing Yield	Previous Yield
7.16% GOI 2023	8.42%	8.46%
8.15% GOI 2022	8.77%	8.83%
8.19% GOI 2020	--	9.01%
8.79% GOI 2021	--	8.81%

Overnight Indexed Swap

Tenor	October 10	October 9
1 Year	8.40	8.43
2 Year	8.06	8.10
5 Year	8.12	8.13

MIFOR

Tenor	October 10	October 9
1 Year	7.90	7.85
3 Year	7.50	7.45
5 Year	7.60	7.60

Money Market

	October 10	October 9
Call Money Range	8.95	9.00
MIBOR	9.08	9.09
Reverse Repo Amt	--	0.01
Repo Amt	400.98	404.98

Global Treasury Yields

	October 10	October 9
US 10 Year	2.70	2.66
EURO 10 Year	1.86	1.81
GBP 10 Year	2.72	2.68
JPY 10 Year	0.66	0.66

Swap Rate

Currency	1-year	2-year	5-year	10-year
USD	0.3283	0.4871	1.612	2.8445
EUR	0.433	0.5950	1.3185	2.1752
GBP	0.6595	0.8478	1.7460	2.6985
JPY	0.203	0.2125	0.3650	0.8000
CHF	0.07	0.1275	0.6900	1.5300

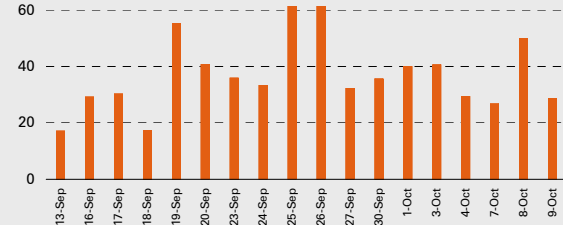
Forex Market

Currency	USD	EUR	GBP	JPY	CHF
USD	-	0.7385	0.6266	97.75	0.9093
EUR	1.3541	-	0.8485	132.36	1.2313
GBP	1.5959	1.1786	-	155.99	1.4512
JPY	0.0102	0.7555	0.6410	-	0.9303
CHF	1.0997	0.8122	0.6891	107.50	-

USD INR Forwards

	Annualised	Paise
3-month	8.81	114.00
6-month	8.24	227.00
9-month	7.69	335.00
12-month	7.33	432.00

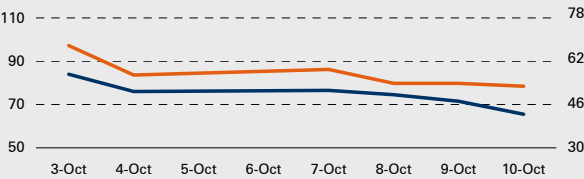
NSE WDM Volumes (INR bn)



OIS-MIFOR Spreads

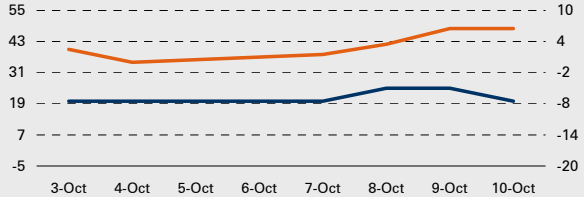
OIS-MIFOR 2 YR SPREAD

OIS MIFOR 5 YR SPREAD(RHS)



MIFOR 2-5 SPREAD

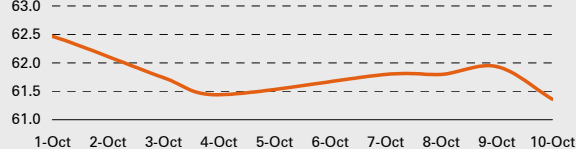
OIS 2-5 SPREAD(RHS)



LIBOR

	3 month	6 month
EURO LIBOR	0.16	0.27
USD LIBOR	0.24	0.37
GBP LIBOR	0.52	0.59
JPY LIBOR	0.14	0.21
CHF LIBOR	0.07	0.07

USD/INR Movement



Asia Pacific Currencies

	October 10	October 9
USD/INR	61.39	61.95
USD/SGD	1.2505	1.2498
AUD/USD	0.9436	0.9445
USD/THB	31.38	31.45
USD/KRW	1073.65	1077.06

Vols (1 month)

Currency	October 10	October 9
INR	14.87	14.87
EUR	7.17	7.45
JPY	10.72	11.03
GBP	7.15	7.50
CHF	9.62	9.39

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