



**Outlook:-**

Bonds yields are likely to trade higher in opening trades on Thursday on the back of a rise in US treasury yields and traders would wait for the inflation data due later in the day for further direction. US Treasury prices fell on Wednesday as a Wall Street rally inspired by strong company results and better than expected retail sales figures reduced appetite for bonds among investors. Market men would be wary of taking any large positions ahead of the upcoming monetary policy meet on 27 October with confusing statements from policymakers and that should keep yields largely rangebound until then.

Earlier on Wednesday bond yields rose. The benchmark 10 year bond, 6.90%-2019, yield ended at 7.37% on Wednesday, one basis point above Monday's close of 7.36%. It rose as high as 7.41% in early deals, a level last seen on 11 September. Total volume of corporate bonds traded on Wednesday was Rs.1129 crore, higher than Monday's Rs.969 crore.

**News:-**

- ◆ India's largest bank - State Bank of India - is foraying into the international market to raise close to \$1 billion, riding on the back of improved sentiment for Indian paper. The bond issuance will be part of the bank's Medium Term Note programme or MTN which envisaged the bank raising up to \$1 billion in 2004. The amount was later scaled up to \$5 billion in February 2007. Last week, SBI filed an update to the offering circular under the MTN programme with the Singapore Stock Exchange. An MTN programme allows an issuer to raise funds on an ongoing basis through various products such as floating rate notes or on a fixed rate after obtaining prior regulatory and other approvals. Companies opt for MTN programmes as it offers a lot of flexibility. SBI plans to raise between \$700 million and \$1 billion through this bond issue, the proceeds of which will be used to fuel the bank's growth plans.
- ◆ The engineering and construction major, Larsen & Toubro (L&T), has raised US\$600 million (approximately Rs.2780 crore) through qualified institutional placements (QIPs) and issue of foreign currency convertible bonds (FCCBs). The company has completed the US\$400 million share sale to qualified institutional buyers at Rs.1,659.30 at a 1.1% discount to Wednesday's closing price of Rs.1,677.25. The US\$200 million bonds, with a coupon rate of 3.5%, have been issued at Rs.1,659.30, a 15% premium to the base price of Rs.1,660. It will mature in 2014.

**Govt. Bonds**

Security	Yield	Previous	LTP
<b>6.90%-2019</b>	7.37%	-	96.76
<b>6.07%-2014</b>	-	-	-
<b>8.33%-2036</b>	-	-	-
<b>7.02%-2016</b>	7.36%	-	98.15

**Treasury Bills**

Bill (Most Traded)	Yield	LTP
<b>091 Days</b>	3.16%	99.27
<b>182 Days</b>	3.21%	99.26
<b>364 Days</b>	3.17%	99.09

**PSU Taxable Bonds**

Bond	Yield	CMP
<b>PFC18-11.25%</b>	8.85%	114.53
<b>PFC10-8.70%</b>	5.77%	102.11
<b>PFC12-6.90%</b>	7.78%	97.90
<b>IRFC19-8.55%</b>	8.66%	99.25

**Corporate Debentures**

Security	Yield	CMP
<b>HDFC11-6.84%</b>	6.91%	99.83
<b>RIL13A-11.45%</b>	8.50%	109.96
<b>HDFC13-9.90%</b>	8.15%	106.22
<b>RGTI14-10.90%</b>	8.90%	106.92

**Corporate Bond Spreads**

Duration	AAA	AA+	AA
<b>1 year</b>	88	108	128
<b>3 year</b>	99	119	139
<b>5 year</b>	112	132	152
<b>10 year</b>	109	129	149

**Overnight Money Market**

Instrument	Avg. Rate	Change
<b>CBLO</b>	3.0200	0.0051
<b>Repo</b>	3.1238	0.0302
<b>Call Money</b>	3.2854	0.0054

**MIBOR Swap Rate**

Duration	Avg. Rate	Std. Dev.
<b>Overnight</b>	3.30	0.0027
<b>14 days</b>	3.48	0.1527
<b>1 Month</b>	3.83	0.1471

**Other Important Data**

<b>Sensex</b>	17231.11
<b>Rs/US\$</b>	46.14
<b>Gold (US\$/t oz.)</b>	1065.000
<b>Crude Brent (US\$/bbl)</b>	73.50



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