

10-year bond yield falls to 13-month low

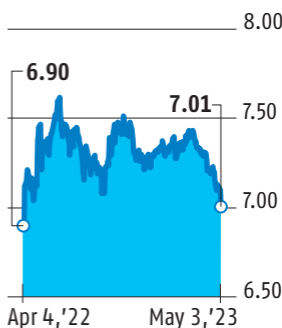
Government bond yields declined on Wednesday, tracking a sharp fall in US peers, as traders anticipated a policy pivot from the US Federal Reserve after delivering a rate hike later in the day. A dip in yield on 10-year benchmark to close at 7.0 per cent (7.09 per cent on Tuesday) come a day ahead of bond auction Reserve Bank of India will conduct which includes 7.26% Government security 2033.

According to Chief Economist at Bank of Baroda, Madan Sabnavis, bond yields have come down sharply due to factors like sudden demand for bonds by HDFC group ahead of merger. Crude oil price is coming down now to \$ 75/barrel and no surprise can be expected either in global markets or in India, he added.

A sharp fall in oil prices further improved inflation outlook, cementing bets that the US central bank will maintain a prolonged pause.

The 10-year benchmark 7.26% 2033 bond yield was at 7.0500% as of 10.15 am IST, after closing at 7.0924% in the previous session. Earlier in

G-SEC YIELD (%)



Source: Bloomberg

the day, it had fallen to 7.0440%, its lowest since April 26, 2022. “Global fundamentals are driving the current rally, and locally also, there are no teething issues which should bother the market for the time being,” a trader with a private bank said. US Treasury prices rose with yields dipping below key levels on concerns that the banking turmoil is not yet over after regulators seized First Republic Bank and sold its assets to JPMorgan Chase & Co, in a deal to resolve the bank failure since the 2008 crisis. **ABHIJIT LELE & REUTERS**