

- 10 year benchmark yields closed at 8.27%. RBI announces OMO purchase for Rs 10000crs to be held on 03 Feb 2012.

- Rupee posted its best month in 17yrs as it gained around 7.45% against the dollar.

- Fiscal Deficit for the period April - Dec 2011 rose to 3.81 Lk crs vs 1.71 Lk crs (Y-o-Y),

10 year benchmark bond yields rose in early trade today on diminishing hopes that the Reserve Bank of India will conduct a debt buyback to support the bond auction scheduled for this week. The 2021 bonds saw profit-booking as their yield eased 7 basis points on Monday on expectation of more debt buybacks by the central bank. Traders sold the benchmark bond also to make room for this week's auction. The government will sell 70 billion rupees (\$1.41 billion) of 8.79% 2021 bonds, 30 billion rupees of 7.83% 2018 bonds and 30 billion rupees of 8.83% 2041 bonds this week. However, yields fell 3-4 bps after deputy governors comments that the central bank was watching the liquidity situation, and another cut in banks' cash reserve ratio was always an option and open market operations were likely to be used in between policy meets to address any cash shortfall. On Monday, banks borrowed 50 billion rupees from the MSF window. Also fiscal deficit numbers were not encouraging as it came in at 3.80 Lac crores for the period April - December 2011 as against 1.71 Lac crores (Y-o-Y). RBI announces OMO purchase of GOI 8.24 % GS 2018, 8.20 % GS 2022, 9.15 % GS 2024 and 8.28% GS 2032 for Rs 10000crs on 03 Feb 2012 (Friday).

Dollar Rupee opened at 49.56/58 against 49.77/79 LOWER from Monday's close. It went as high as 49.58/60 and went as low as 49.31/32. Premiums were trading steadier and was well received by corporate and bankers. Rupee was trading in a range of 49.31/32 to 49.58/60. The depreciation of rupee in the later part of the day was on account of some dollar buying by banks and corporates. After the initial opening the rupee depreciated against the USD on the outflows from corporates and interbank purchases by banks. USD/INR opened lower but on persistent purchases USD/INR went higher to 49.58/60 levels. Domestic stock markets today witnessed a green session today. Feb series was trading in the evening at 49.75/76 with a high of 49.90/91 and a low of 49.65/66.

Gold ticked up today after the euro rebounded, while bullion prices headed for their biggest monthly rise since August as lingering concerns about growth in the United States prompted buying from investors.

Crude Oil prices rose more than \$1 per barrel today on supply worries and on hopes that a Greek debt deal and European budget agreement would help support stronger global economic growth and higher demand for fuel.

Next Days View:-

-8.79% GOI 2021: 8.10%-8.20%

- Rupee: 49.25 - 50.00/ USD

Economic Indicators

Indicators	31-Jan-12	Change
Domestic		
USD / INR	49.45	0.34
WP Inflation rate (%) (Monthly)	7.47	-1.64
Net LAF (Rs. In Crs)	-140885.00	19125.00
10 Year INBMK	8.27	0.01
Global[@]		
LIBOR (USD) (%) **		
- 1 month	0.26	0.01
- 3 month	0.54	0.01
- 6 month	0.78	0.00
- 12 month	1.10	0.00
US Fed Fund Rate(10 yrs)(%)	1.86	-0.02
EUR/USD	1.32	-0.01
USD/JPY	76.35	0.32
Nymex Crude (\$/Bbl)	100.58	-1.15
Gold (USD)	1740.98	-19.98

Money Market Rates		
Instruments		
NSE MIBOR (Overnight)	9.09	0.15
Call Money (Closing)	8.60	0.50
CBLO (Closing)	8.41	0.16
REPO (Rs. In Crs.)	140895	-19120.00
Reverse REPO (Rs. In Crs.)#	10	5.00

Primary Issuance	
Issuer	Rate %
ING Bank CD (21 Feb 12)	9.75
Syndicate Bank CD (4M/1Yr)	9.95/9.95
Syndicate Bank CD (1Yr)	9.9975
IDBI Bank CD (1Yr)	10.00
SBT CD (1Yr)	9.95
Indian Bank CD (3M/1Yr)	9.98/9.98
PNB CD (1Yr)	9.97
Axis Bank CD (1Yr)	10.05
SBM CD (1Yr)	9.95
L&T Finance (29 Feb)	9.98
L&T Infra CP (29 Feb)	9.98
Tata Capital CP (15 Feb)	9.98

Corporate Bond Issuance						
Issuer	Opening	Closing	Tenor	Quantum	Rating	Coupon %
Issues open in the long-term market						
IRFC (Tax Free Issue)	27-Jan-12	10-Feb-12	10/15 yrs	Rs.3000crs+GS upto 6,300crs	AAA by, CRISIL, CARE & ICRA	Retail -8.15% / 8.30% Others - 8.00% / 8.10%
HUDCO (Tax Free Issue)	27-Jan-12	6-Feb-12	10/15 yrs	Rs.2000crs+GS upto 4,684.72crs	AA+ by CARE & FITCH	Retail - 8.22% / 8.35% Others - 8.10% / 8.20%
Issues closed in the long-term market						
IFCI Limited.	30-Nov-11	16-Jan-12	10/15 yrs	Rs.100crs+GS	AA- by Brickworks & A+ by CARE	10.50% / 10.70%
NHAI (Tax Free Issue)	28-Dec-11	11-Jan-12	10/15 yrs	Rs.5000crs+GS	AAA by CRISIL, CARE & FITCH	8.20% / 8.30%
PFC (Tax Free Issue)	30-Dec-11	12-Jan-12	10/15 yrs	Rs.1000crs+GS	AAA by CRISIL, ICRA	8.20% / 8.30%

Primary Issuance	
Issuer	Rate %
Reliance Capital CP (29 Feb)	10.50
ABFL CP (28 Feb)	10.00
Bluestar CP (15 Mar)	10.18
HPCL CP (29Feb)	9.74
Kalpataru CP (29Mar)	10.25

Report doesn't have Reverse Repo data. Kindly visit RBI press release

\$ Call option at 5th year , + Call option at 10th year

With 7yr Put/Call and Redemption 30% at the 8th and 9th year, 40% at the 10th year

@ - At 5.00 PM IST

! Put & Call Option at the end of 2nd year

^ Call option at 7th year , >Call option at 10th year

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