G-Sec Yields Outlook

10 year G-sec yield to range between 7.6-8.0% in remainder of Q3 FY2019; crude oil prices, evolving balance of fiscal risks, likelihood of revision in borrowing size for Q4 FY2019 and magnitude of OMOs to drive yields

NOVEMBER 2018

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HIGHLIGHTS

- ***The yield on the benchmark 10-year Government Security (G-sec; 7.17 GS2028), which is around 7.7-7.75% at present, is expected to trade in a relatively wide range of 7.6-8.0% in the remainder of Q3 FY2019. The yields would be driven various factors, such as the incoming data on the trend in crude oil prices, the evolving balance of various fiscal risks, the likelihood of revision in the Government of India's (GoI's) market borrowing calendar for Q4 FY2019, the magnitude of open market operations (OMOs), trend in FPI flows and the INR, and global interest rates.***

- ***Given the exemptions from US sanctions on Iran for India and seven other jurisdictions, the price of the Indian crude oil basket is likely to remain considerably lower in the immediate term, than the average of US$80/barrel witnessed in October 2018. Nevertheless, supply-demand balances, the evolving scenario related to geopolitical developments, and the extent of concerns regarding the impact of trade wars on global growth would impart volatility to crude prices and the outlook for bond yields.***

- ***Despite the change in the monetary policy stance to calibrated tightening, the Monetary Policy Committee (MPC) appears likely to maintain a status quo on the repo rate in the December 2018 policy review, following the correction in the October 2018 headline CPI inflation print, as well as the pullback in crude oil prices and the INR.***

- ***Given the expectations of tightening liquidity, we expect a continuation of OMOs to purchase G-sec by the Reserve Bank of India (RBI), with three weekly auctions of Rs. 100.0 billion each during December 2018, bringing the total magnitude of OMO purchase to Rs. 1.6 trillion by end Q3 FY2019, which would continue to dampen yields.***

- ***While the size of planned G-sec issuance for FY2019 has been pared from the budgeted level, and officials have reiterated that a fiscal slippage in FY2019 would be avoided, various fiscal risks persist, which the markets would continue to monitor. A build-up of expectations about an upward revision in the G-sec issuance for Q4 FY2019, would push up yields towards the end of the quarter.***

- ***If the threat of trade wars de-escalates further, and once the US markets start to price in two to three rate hikes for 2019, the US 10-year yield may rise above 3.3%, which may result in some hardening of G-sec yields as well.***

- ***Further OMO announcement by the RBI in Q4 FY2019 are likely to be contingent on the increase in currency with the public (CWP) and forex intervention. The recent stabilisation of the INR suggests that intervention by the RBI in the spot forex market may ease to some extent in the months ahead, which would prevent a sharp tightening in domestic liquidity and may reduce the magnitude of future OMO announcements. Moreover, the RBI may prefer to smoothen the liquidity needs in Q4 FY2019 through variable rate repo auctions of tenures exceeding 14 days instead of additional OMOs, prior to the seasonal slackness in lending in Q1 FY2020.***

The yield on the benchmark 10-year G-Sec hardened considerably in Q2 FY2019 and peaked at 8.18% on September 11, 2018, before easing to 8.07% on September 19, 2018, following the hike in the rates for various small savings schemes of the GoI. Moreover, the 10-year G-sec yield ranged between 7.70-8.18% in Q2 FY2019, nearly in line with our forecast (7.75-8.1%). Subsequently, the 10-year G-Sec yield has eased substantially and remained below 8.0% since the second week of October 2018, after the GoI's announcement of a cut in the borrowing calendar for H2 FY2019 (likely to be made up through higher borrowings from the National Small Savings Fund or NSSF), the RBI's announcement of OMO purchases in October-November 2018, and a considerable reversal in crude oil prices; the latter has modestly eased concerns regarding the size of the current account deficit, the inflation trajectory and the outlook for further monetary tightening. The 10-year G-sec yield, which is trading around 7.7-7.75% at present, ***is expected to trade in a relatively wide range of 7.6-8.0% in the remainder of Q3 FY2019. The yields would be driven various factors, such as the incoming data on the trend in crude oil prices, the evolving balance of various fiscal risks, the likelihood of revision in the GoI's market borrowing calendar for Q4 FY2019, the magnitude of OMOs, trend in FPI flows and the INR, and global interest rates.***

Trajectory of crude oil prices: Crude oil prices have charted a volatile path in the past few months, which has rapidly transmitted into both bond yields and the US$-INR cross rate, given their impact on key macro indicators including inflation and the twin deficits. The price of the Indian crude oil basket temporarily eased during the early part of July 2018, sliding to US$69.8/barrel on July 18, 2018, on the back of OPEC's assurances of increase in supply, as well as a rise in US crude inventories (refer Exhibit 1). Subsequently, August 2018 witnessed wide variations in crude oil prices, with concerns over the US-China trade war weighing upon, and expected supply shocks pushing up prices. Crude oil prices rose further in September 2018 and October 2018, reflecting the impact of declining production from Venezuela and Mexico, tensions in the Middle East, and the impact of upcoming sanctions on supply from Iran (a key source of Indian crude oil imports). The price of the Indian crude oil basket rose to a peak of US$85.2/barrel on October 4, 2018. However, the recent weeks have seen a considerable easing in the price of the Indian crude oil basket to around US$65/barrel on November 14, 2018, after the announcement of exemptions from US sanctions on Iran for eight jurisdictions, including India, and concerns related to over-supply.

The retail prices of fuels such as petrol and diesel have also undergone an uptrend in recent months, in line with the trend in crude oil prices (refer Exhibit 2). Subsequently, the GoI cut excise duty on petrol and diesel by Rs. 1.5/litre each in October 2018 (and oil marketing companies additionally cut prices by Rs. 1/litre), with a revenue implication of Rs. 105.0 billion, which would dampen indirect tax revenues in H2 FY2019. Some state governments also reduced VAT on petrol and diesel, which would reduce the growth of their indirect revenues. Overall, the petrol and diesel prices across the four metros have averaged Rs. 80.9/litre and Rs. 75.3/litre, respectively, so far in November 2018, 6.8% and 14.8%, respectively, higher than the levels in March 2018.

Despite the recent pullback in crude oil prices and the INR, the gross under-recoveries of the oil marketing companies for the ongoing fiscal are estimated to exceed the budgetary allocation for fuel subsidies, exerting pressure on the overall fiscal deficit target. The weakening in the INR since the beginning of this fiscal, in conjunction with higher gas costs, is also likely to increase the cost of production of urea, adversely impacting the GoI's outlay towards urea subsidy. ***Notwithstanding the recent pullback in crude oil prices and the INR, the excise cuts combined with the possibility of higher than budgeted subsidy outgo continue to add to concerns regarding a potential fiscal slippage in FY2019.***

However, the softening of crude oil prices has eased concerns on the size of India's current account deficit. Assuming that the price of the Indian basket of crude oil averages US$73/barrel in FY2019, the current account deficit is now forecast by ICRA at 2.7% of GDP, lower than our earlier forecast of 2.9% of GDP.

Given the exemptions from US sanctions on Iran for India and seven other jurisdictions, the price of the Indian crude oil basket is likely to remain considerably lower in the immediate term, than the average of US$80/barrel witnessed in October 2018. Nevertheless, supply-demand balances, the evolving scenario related to geopolitical developments, and the extent of concerns regarding the impact of trade wars on global growth would impart volatility to crude prices and the outlook for bond yields.

Exhibit 1: Movement in Prices of Crude Oil and 10 year G-sec yield

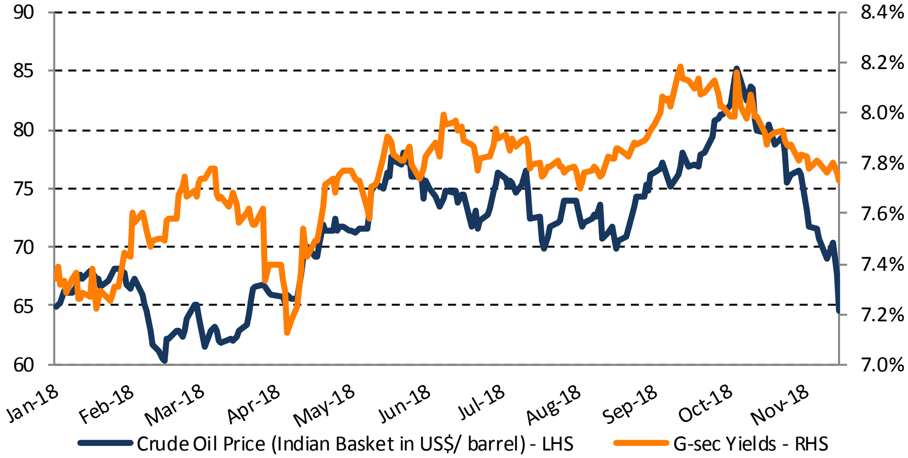
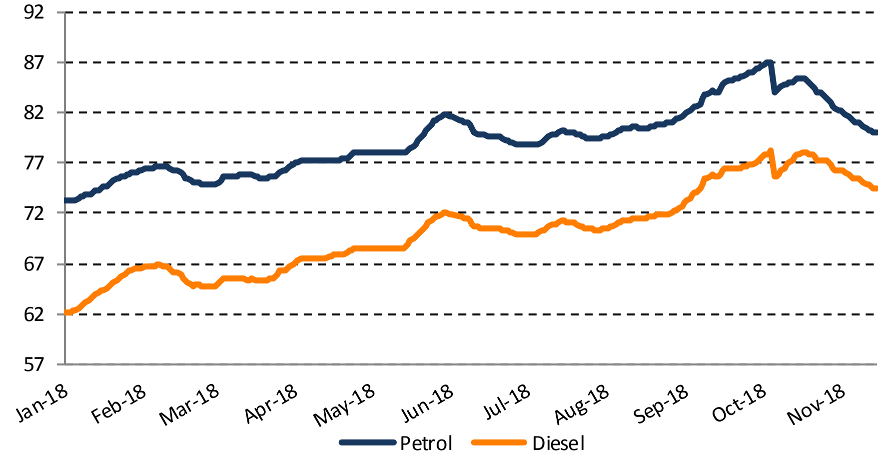


Exhibit 2: Average Retail Selling Prices of Petrol and Diesel in Four Metro Cities*



**Delhi, Mumbai, Chennai, Kolkata*
Note: Data taken till November 14, 2018
Source: Petroleum Planning & Analysis Cell (PPAC); ICRA research

Borrowing programme of the GoI and fiscal risks: The Union Budget for FY2019 had pegged the gross dated market borrowing in FY2019 at Rs. 6.1 trillion, 3.1% higher than the actual gross G-sec issuance of Rs. 5.9 trillion in FY2018. However, the size of the G-sec issuance has subsequently been pared. The GoI raised gross G-sec of Rs. 2.9 trillion during H1 FY2019, a considerable 22.6% lower than the actual issuance of Rs. 3.7 trillion in H1 FY2018. The press release issued along with the borrowing calendar for H1 FY2019 had indicated that the GoI would reduce its market borrowings from the budgeted level by Rs. 0.25 trillion in FY2019, by increasing its borrowings from the NSSF to Rs. 1.0 trillion from the budgeted level of Rs. 0.75 trillion. Moreover, some officials had verbally indicated that the gross G-sec issuance would be reduced by an additional Rs. 0.25 trillion in FY2019, by concomitantly reducing the amount of bond buy-backs to Rs. 0.45 trillion from the budgeted Rs. 0.7 trillion.

Based on the same, the GoI's market borrowings for H2 FY2019 were initially expected to be around Rs. 2.7 trillion. However, the calendar released in September 2018, indicated a lower gross borrowing amount of Rs. 2.5 trillion, in line with our expectations. Although this is 14.4% higher than the issuance of Rs. 2.2 trillion in H2 FY2018, it brings the total planned issuance for the year to Rs. 5.4 trillion for FY2019, 9% lower than the gross issuance of Rs. 5.9 trillion in FY2018 (refer Exhibit 3). This has been an important factor that has aided in a cooling of G-sec yields over the last few weeks.

The cut in the GoI's market borrowing calendar for H2 FY2019 is likely to be offset by higher borrowings from the NSSF, in ICRA's view. Following the increase in interest rates on small savings schemes by 30-40 bps for Q3 FY2019, from the rates prevailing in Q2 FY2019, ICRA expects small savings to provide an attractive alternative to bank deposits in the coming months, which should help the GoI to avail a higher net amount from the NSSF, compared to its target of Rs. 1.0 trillion in FY2019. The provisional data released by the Controller General of Accounts (CGA) indicates that gross inflows into savings deposits and certificates, and PPF, had already aggregated to Rs. 763.1 billion in H1 FY2019, a substantial 33.6% higher than the gross inflows in H1 FY2018 (Rs. 571.2 billion). Accordingly, ICRA expects the GoI to be able to meet its revised targeted borrowings from the NSSF in FY2019.

While the size of planned G-sec issuance for FY2019 has been pared from the budgeted level, and officials have reiterated that a fiscal slippage in FY2019 would be avoided, various fiscal risks persist, which the markets would continue to monitor. The provisional data released by the CGA indicates that the GoI's fiscal deficit for H1 FY2019 recorded a YoY growth of 19.2% to Rs. 5.9 trillion, which was equivalent to a considerable 95.3% of the FY2019 BE (refer Exhibit 4). The final fiscal metrics would depend on the extent to which a host of revenue and expenditure risks crystallise. Such risks include the likelihood of meeting the targets for the Goods and Services Tax (GST), dividends and profits, and disinvestment, and the adequacy of outlays for revised minimum support prices (MSPs), the National Health Protection Scheme, fuel and other subsidies, and bank recapitalisation[1]. ***A build-up of expectations about an upward revision in the G-sec issuance for Q4 FY2019, would push up yields towards the end of the quarter.***

Exhibit 3: GoI's Market Borrowing Programme (Gross Issuance)

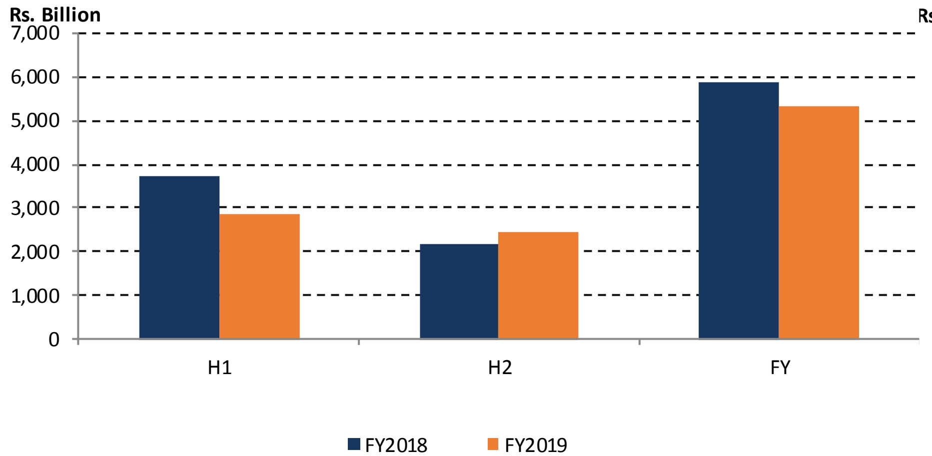
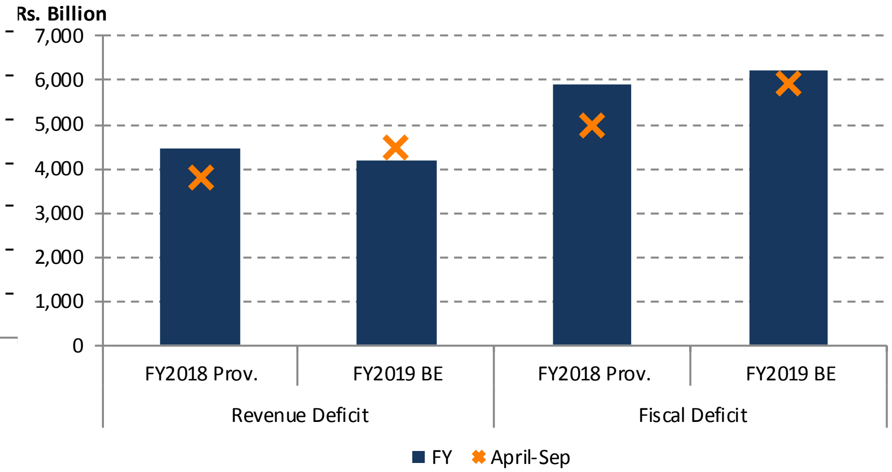


Exhibit 4: GoI's Revenue Deficit and Fiscal Deficit



Source: RBI; GoI Budget Document; CGA; ICRA research

Liquidity Dynamics and OMOs: On a daily average basis, systematic liquidity shifted from surplus to deficit in Q2 FY2019, led by factors such as net selling by FPIs in both the equity and debt segments (US$0.9 billion each in Q2 FY2019), continued intervention in the spot forex market by the RBI (US$4.2 billion in Q2 FY2019) and incremental credit offtake of the banking system exceeding the incremental deposit mobilization. In addition, CMB auctions were conducted in July-October 2018, which further exacerbated the tight liquidity conditions in that period. The daily-average liquidity under the Liquidity Adjustment Facility (LAF) window recorded a deficit of Rs. 206 billion during Q2 FY2019, in contrast to the daily average surplus of Rs. 240 billion during Q1 FY2019 (refer Exhibit 5). Subsequently, the daily average liquidity deficit rose to Rs. 622.7 billion during October 2018, before rising to Rs. 741.0 billion in early November 2018.

In response to the deficit liquidity conditions, the RBI conducted OMO purchases of G-sec of Rs. 860.0 billion in April-October FY2019, to infuse durable liquidity. Of these, OMOs of Rs. 200.0 billion were conducted in Q1 FY2019, Rs. 300.0 billion in Q2 FY2019 and Rs. 360.0 billion in October 2018. In addition, the RBI has announced additional

[1] Refer ICRA's publication, 'Government of India Finances: GoI's fiscal deficit rises by 19.2% YoY to Rs. 5.9 trillion in H1 FY2019, stands at 95.3% of budget estimate for FY2019 (October 2018)' available on ICRA's website www.icra.in

OMO purchases of Rs. 400 billion in November 2018 to further infuse liquidity, bringing the total announcement to Rs. 1.26 trillion so far in FY2019, which has helped to cool G-sec yields.

In our view, the primary driver of OMO announcements in H1 FY2019 was the RBI's interventions in the forex market. Forex reserves declined substantially from an all-time high of US$426.1 billion as on April 13, 2018 to US$400.5 billion on September 28, 2018 and further to US$393.1 billion on November 2, 2018, amid a sharp depreciation of the INR relative to the US$. The Central Bank sold foreign currency assets worth US$14.4 billion in Q1 FY2019 and US$4.2 billion in July-August 2018, which tightened INR liquidity.

In contrast, the tightening in domestic liquidity conditions driven by factors such as festive/harvest season and busy season for credit, seems to have spurred OMO announcements in Q3 FY2019. The advent of the ongoing festive, marriage and harvest season, as well as upcoming Legislative elections in various states, would lead to a rise in the demand for currency with the public (CWP). The latter had increased from Rs. 17.6 trillion as on March 30, 2018, to Rs. 18.4 trillion as on September 28, 2018, and further to Rs. 18.8 trillion as on October 26, 2018. ICRA estimates that CWP may rise further by Rs. 1.5-1.7 trillion, in the remainder of FY2019, which would weigh upon liquidity conditions.

Moreover, a shift of credit demand from the bond markets to banks, rising working capital demands of some sectors and a continued rise in retail credit have contributed to incremental credit offtake of Rs. 4.0 trillion as on October 26, 2018 on a YTD basis (refer Exhibit 4). Assuming non-food bank credit growth of 9.0-10.0% during FY2019, incremental credit offtake is estimated to range between Rs. 3.8-4.6 trillion in the remainder of this fiscal (relative to October 26, 2018). Assuming deposit growth of 7.0-8.0% during FY2019, the additional deposit accretion is expected between Rs. 4.5-5.7 trillion in the remainder of FY2019, relative to October 26, 2018. As a result, ICRA expects that additional credit offtake would exceed deposits (net of CRR and SLR) by ~Rs. 0.3 trillion, contributing to tightening of liquidity in the coming months.

Sustained FPI outflows from the Indian debt and equity markets in the recent months have also worsened the liquidity situation in FY2019; aggregate FPI outflows from the equity and debt markets stood at US$9.1 billion in Q1 FY2019, US$1.8 billion in Q2 FY2019 and US$5.3 billion in October 2019 (refer Exhibit 5); ICRA expects total FPI outflows from the debt and equity markets to range between US$20-25 billion in FY2019. The recent appreciation of the INR relative to the US$ should help to stem FPI outflows to some extent in the remainder of FY2019, which should further ease pressure on INR. Encouragingly, the Indian equity and debt market has recorded small inflows of US$o.2 billion and US$0.6 billion, respectively, so far in November 2018 (up to November 13, 2018).

Additional factors, such as the payment of GST and other taxes would keep liquidity tighter, particularly, at the end of each month, while advance tax payments would exacerbate the situation in December 2018 and March 2018. ***Given the expectations of tightening liquidity, we expect a continuation of OMO purchase by the RBI with three weekly auctions of Rs. 100.0 billion each during December 2018, bringing the total magnitude of OMO purchase to Rs. 1.6 trillion by end Q3 FY2019.***

Further OMO announcement in Q4 FY2019 are likely to be contingent on the increase in CWP and forex intervention. The outlook for the INR in the near term would be dominated by the sentiment towards the US$, trend charted by crude oil prices, the risk of trade wars, FII demand for Indian debt and equities as well as the RBI's actions related to monetary policy and forex intervention. The US$-INR cross rate is expected to range in Rs. 71.0-74.0 in the near term. The recent appreciation of the INR suggests that intervention by the RBI in the spot forex market may ease to some extent in the months ahead, which would prevent a sharp tightening in domestic liquidity and may reduce the magnitude of future OMO announcements. Moreover, the RBI may prefer to smoothen the liquidity needs in Q4 FY2019 through variable rate repo auctions of tenures exceeding 14 days instead of additional OMOs, prior to the seasonal slackness in lending in Q1 FY2020.

The considerable OMO operations by the RBI have led to a lower supply to of G-sec in FY2019, consequently easing the yields of such securities. Furthermore, there are large scheduled G-sec redemptions of Rs. 529.1 billion in Q4 FY2019, against gross issuance of Rs. 1,200.0 billion. Accordingly, the net G-sec supply during that quarter is modest at Rs. 670.9 billion, which should cap G-sec yields, even if the magnitude of OMOs is smaller relative to Q3 FY2019.

Exhibit 3: Daily LAF, MSS and CMB outstanding

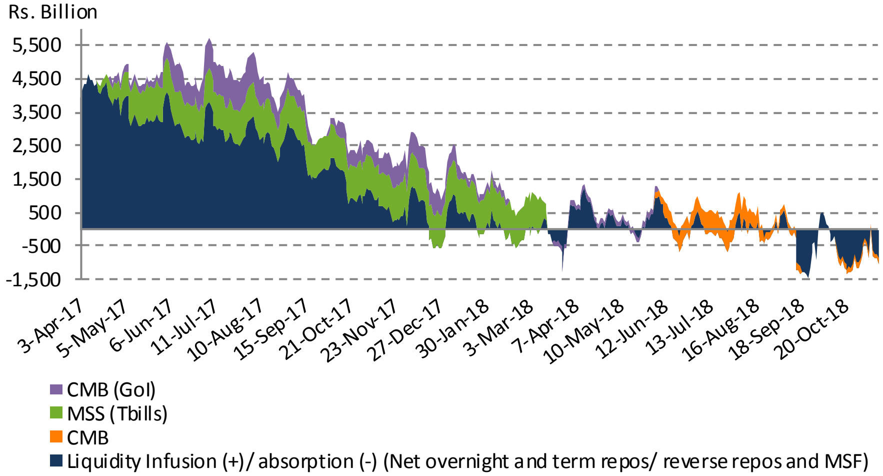
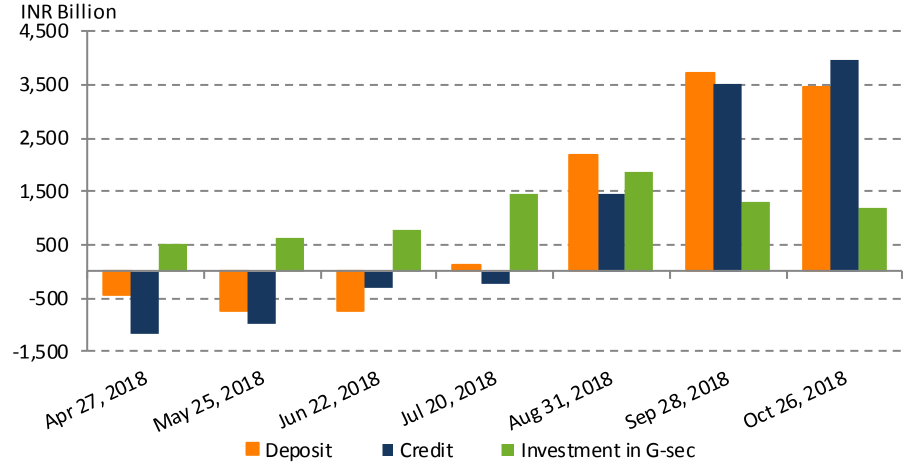


Exhibit 4: Incremental YTD change in credit, deposit, investment in G-Sec*



**Since March 30, 2018*

Note: Data till November 13, 2018

Source: RBI; ICRA research

Exhibit 5: Trends in FPI Flows

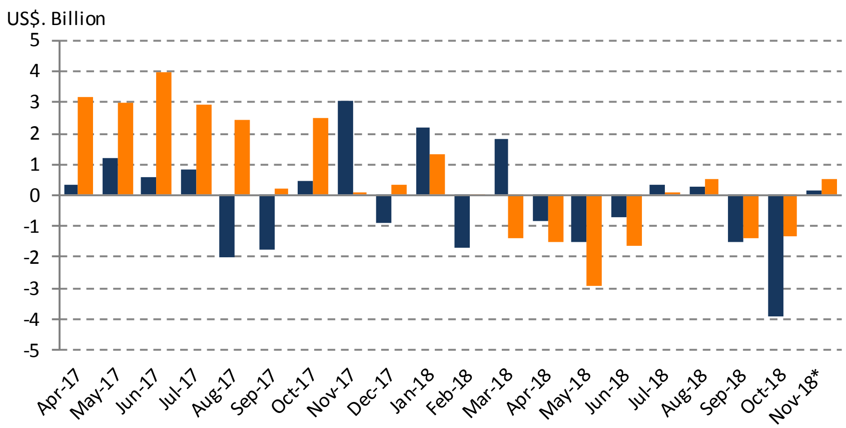
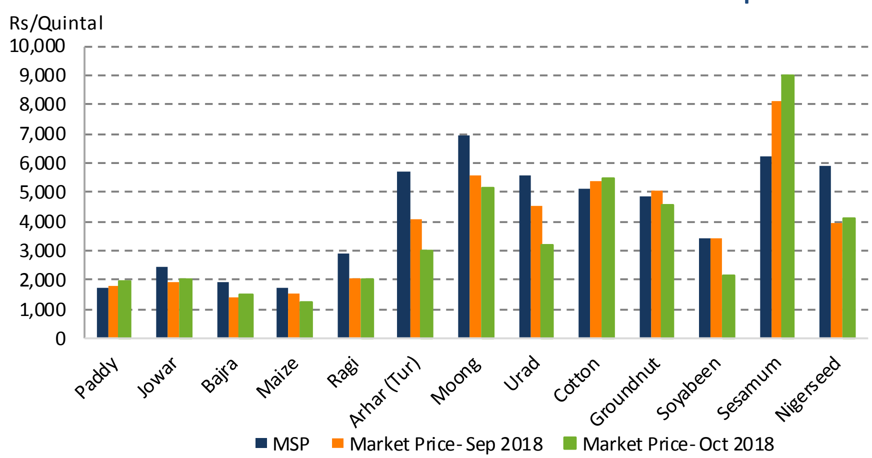


Exhibit 6: Trends in MSP and Market Prices of Various Kharif Crops



**Data till November 13, 2018*

Note: Paddy: Common paddy; Jowar: Hybrid Jowar; Cotton: Medium staple cotton

Source: NSDL; Agmarknet; PPAC; ICRA research

Agri production, MSP and food inflation: The southwest monsoon period (July-September 2018) recorded below-normal rainfall at 91% of Long Point Average (LPA), with the precipitation in all four spatial regions falling short of their respective LPA. The temporal breakup of the rainfall recorded over the 36 sub-divisions during the 17 weeks of the monsoon season also revealed a low proportion of normal rainfall (~22%). In addition, episodic flooding in states like Kerala and Punjab is likely to have adversely impacted the standing crops in those areas. As a result, the 1st Advance Estimates (AE) of crop production, released in mid-September 2018, indicate a mixed trend in the production of kharif crops. The kharif output is estimated to decline in FY2019 relative to the previous year for pulses (-1.3%), coarse cereals (-2.2%), and cotton (-6.9%) in FY2019, and rise for oilseeds (+5.7%), sugarcane (+1.9%) and rice (+1.8%). ***Nevertheless, the flooding in certain states towards the end of the monsoon season, suggests the likelihood of subsequent estimates scaling down the production forecasts of various crops.***

The northeast monsoon season has started off with an unfavourable trend, with a high rainfall deficit of 53% of LPA as on November 13, 2018. However, reservoir storage stood at 67% of FRL as on November 8, 2018, in line with the year-ago levels (67% of FRL). ***The rainfall deficit does not bode well for the rabi sowing and may emerge as modest inflationary risks going forward.***

The Cabinet Committee on Economic Affairs (CCEA) announced double-digit revisions in the MSPs[2] of almost all major kharif crops for FY2019, which was followed by the recent 2.1-20.6% revision in MSPs for rabi crops. Moreover, the GoI approved an umbrella scheme, PM-AASHA, in September 2018, to ensure that farmers receive fair remunerative prices for their produce. This included the Price Support Scheme (PSS), Price Deficiency Payment Scheme (PDPS), and Pilot of Private Procurement & Stockist Scheme (PPPS), which together had measures to compensate farmers in the event that the market prices of certain crops decline below their MSP. The GoI approved an additional government guarantee of Rs. 165.5 billion, taking the total allocation for this umbrella scheme to Rs. 455.5 billion. In addition to this, the budgetary provision for procurement operations was increased and Rs. 150.5 billion was sanctioned for the implementation of PM-AASHA. However, this allocation may fall short of the actual expenditure requirement of the scheme, given the prevailing market prices of most crops were below their respective MSP in September 2018 and October 2018 (refer Exhibit 6).

At present, there remains some uncertainty regarding the operational norms of PSS, PDPS and PPS. Some news reports suggest that the procurement, as well as, the compensation under these schemes may be capped at a particular level. This may mitigate the impact of higher MSPs on inflation and fiscal concerns. ***The overall impact of the revised MSPs on crop prices, as well as the GoI's fiscal metrics, would depend on the scale and efficacy of implementation of these programs.***

Food inflation has remained modest so far in FY2019. The CPI inflation for food and beverages stood at 1.2% in Q2 FY2019, considerably lower than 3.1% in Q1 FY2019, primarily led by the trend for vegetables (-4.6% in Q2 FY2019; +7.7% in Q1 FY2019) and fruits (+3.8%; +10.6%). ***Going forward, the kharif harvest, efficacy of procurement operations, and performance of rainfall in the northeast monsoon season would determine the trajectory of food inflation in FY2019, which may have some impact on the pace of further monetary tightening, and thereby on bond yields.***

Trajectory of inflation and monetary policy stance: The repo rate was retained at 6.5% by the MPC in the October 2018 Policy review by a majority of 5:1. While the CPI projections for Q2 FY2019, H2 FY2019 and Q1 FY2020 were revised downward, the balance of risks was described as being somewhat to the upside. As expected, the MPC changed the stance of the Monetary Policy from 'neutral' to 'calibrated tightening'.

Subsequently, the CPI inflation corrected to a 13-month low 3.3% in October 2018 and undershot the RBI's inflation target of 4% for the third month in a row. Food and beverages recorded a disinflation of 0.1% in October 2018, partly reflecting the base effect, as well as the disinflation for vegetables and pulses and products, and sugar

[2] Refer ICRA's publication Hike in Kharif MSP FY2019: Impact of higher MSPs on inflation and fiscal deficit remains unclear; would be partly determined by extent of widening of procurement operations (July 2018) available on ICRA's website www.icra.in

and confectionary. In contrast, the core CPI inflation (excluding food and beverages, fuel and light, as well as petrol and diesel for vehicles) hardened to a three-month high 6.1% in October 2018 from 5.7% in September 2018, led primarily by miscellaneous items and pan, tobacco and intoxicants, which is a cause for some concern.

Despite the change in the monetary policy stance to calibrated tightening, the MPC appears likely to maintain a status quo on the repo rate in the December 2018 policy review, following the correction in the October 2018 headline CPI inflation print, as well as the pullback in crude oil prices and the INR. However, if these trends reverse, food inflation rises post the revision in MSPs and an uneven monsoon, and the risks of fiscal slippage intensify, the MPC may consider hiking the repo rate by 25 bps in the February 2019 policy review.

Monetary policy stance of global central banks: The US Federal Reserve has already increased the target federal funds rate thrice so far in 2018 and appears set to institute one more rate hike in December 2018, apart from two-three hikes in CY2019. It has also been shrinking the size of its balance sheet since October 2017. Moreover, the European Central Bank (ECB) reaffirmed its plans to end its quantitative easing programme by the end of this year. Such developments led to a sell-off in the global bond market, with the rising yields pushing up interest rates in the domestic bond market as well. For instance, the 10-year US treasury yield peaked at 3.23% on October 5, 2018, before retreating somewhat to 3.12% on October 30, 2018, given risks of trade wars. Subsequently, it has ranged between 3.1-3.15% in recent sessions.

With domestic macroeconomic concerns related to rising crude oil prices etc., the spread between the 10-year Indian G-sec and US treasury yield widened considerably from ~477 bps in March 2018 to ~509 bps in September 2018, before easing to ~461 bps in November 2018 following the decline in crude oil prices and the announcement of OMOs by the RBI. ***If the threat of trade wars de-escalates further, and once the US markets start to price in two to three rate hikes for 2019, the US 10-year yield may rise above 3.3%, which may result in some hardening of G-sec yields as well.***

Notwithstanding the continued fiscal concerns, the high likelihood of a continuation of OMOs in the remainder of Q3 FY2019 and higher dependence on the NSSF for funding the GoI's fiscal deficit, would ease the supply of G-sec and thereby cap yields. Moreover, despite the change in the monetary policy stance to calibrated tightening, the MPC appears likely to maintain a status quo on the repo rate in the December 2018 policy review, following the correction in the October 2018 headline CPI inflation print, as well as the pullback in crude oil prices and the INR. Based on various domestic and global factors, we expect yields to range between 7.6-8.0% in the remainder of Q3 FY2019, driven by incoming data on the trend in crude oil prices, the evolving balance of various fiscal risks, the likelihood of revision in the GoI's market borrowing calendar for Q4 FY2019, the magnitude of OMOs, trend in FPI flows and the INR, and global interest rates.

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