Benchmark note at Rs.98.68, yielding 5.95%, against Rs. 98.64 and 5.96% at previous close.

States to raise at least INR114.07 billion via sale of bonds today; RBI to buy up to INR100 billion of state debt tomorrow.

There is hardly any trigger and a reversal to even 5.90% levels appears unlikely - the markets continue to stay apprehensive of the overwhelming supply .We are in for yet another session of low volumes and rangebound trading and this may be the pattern at least until the end of this quarter.

Currently, liquidity in the banking system is estimated to be in a surplus of over 4.86 trln rupees and banks have been caught between devil and deep sea. In the absence of private sector credit pick up and continuing liquidity deluge , the banks have no choice except to buy G secs.

Demand from fund houses for CPs of non-bank finance companies continues to be low as most of them have parked funds in ultra short-term CPs of NBFCs.According to market participants, fund houses invested around 350 bln rupees in ultra short-term CPs.

Companies have been choosing not to roll over maturing papers and are avoid raising funds amid uncertainty over the economic fallout of the pandemic.

However, markets would see a heavy supply of bonds by PSU entities for Bharat Bond Exchange Traded Fund. Govt is likely to launch the next tranche of the Bharat Bond ETF in four to five weeks and its issue size is likely to be in a range of Rs. 120-150 bln.