

Bond yields trading largely unchanged ahead of special OMO later today.

Benchmark note now at Rs. 97.80, yielding 6.15%, against Rs. 97.83 and 6.15% yield at previous close.

Market is not very enthused with an announcement of another special OMO, and hence limited reaction. The markets are reconciled to living in the present world with 6.50 % looking imminent despite all the rhetoric .

The market has been drawn into a tug-of-war over bond yields, as RBI has tried to keep a lid on yields from rising through its open market operations, devolvement of auction stock on primary dealers, and cancellation of the auction for entire stocks of a few bonds, purchases in the secondary market, and also by purchasing the auction stock on the day of special

auction. The reality is asserting with each session as Brent and US yields continue to spark off concerns .

RBI to conduct Rs. 100 billion special OMO today and Rs. 150 billion of similar auction on March 4; it will buy long-term bonds and sell short-term papers in these auctions. The trigger if any can be RBI's choice of papers to be bought today.

Blink your eye, another auction there .New Delhi to sell Rs.240 billion bonds tomorrow, which includes Rs.110 billion of 6.22% 2035 paper .

