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Business News > Markets > Bonds > Overnight surplus cash hits lowest since April'20, rates rising

## Overnight surplus cash hits lowest since April'20, rates rising

### Synopsis

Banks parked Rs 2.08 lakh crore last Thursday through the overnight reverse repo window, less than one-third of this financial year's peak at Rs 7.29 lakh crore on April 6.



Agencies

The banking system has net surplus liquidity of Rs 7.10 lakh crore versus Rs 8.03 lakh crore at the end of September.

MUMBAI: India's drive toward normal liquidity appears to be ticking the right checkboxes as surplus overnight-market funds – a key gauge for assessing the amount of money in the financial system - reduced to their lowest levels since the beginning of the pandemic.

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The banking system has net surplus liquidity of Rs 7.10 lakh crore versus Rs 8.03 lakh crore at the end of September.

Local markets were shut on Friday due to the Dussehra festival.



### Ask the Crypto Expert

Presented By



**Manish Kumar**  
Co-founder, RealX and GREX,

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Although the introduction of variable reverse repo rate (VRRR) with 7-day or 14-day maturities has helped suck surplus cash, the consequent drop in the

overnight liquidity position only points to a northward journey in the local interest rate trajectory.

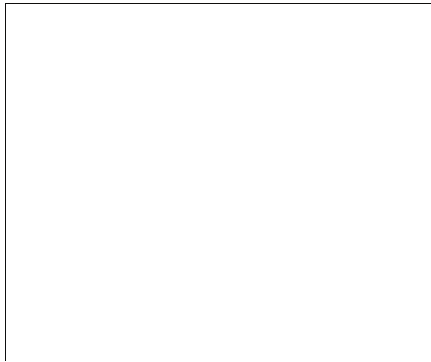
In between rising global crude prices sent the local benchmark yield to 6.39%

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Overnight surplus cash hits lowest since April'20, rates rising

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ETIG. The one-year Overnight Indexed Swaps (OIS) - a derivative rate gauge – jumped nine basis points Monday, reflecting a possible change in the interest rate cycle.



A basis point is 0.01%.

“The RBI has been indirectly working toward normalising the surplus liquidity,” said Madan Sabnavis, chief economist at CARE Ratings. “While overnight liquidity dropped to the lowest since the beginning of the pandemic, VRRR is also taking surplus cash away, albeit with the funds being put here on a voluntary basis. Collectively, this preludes to a change in the interest rate cycle.”

Corporates are now going for bond fundraising before their funding costs go up in the next two quarters.

A combination of factors including surging global crude oil prices and rising US Treasury yields are pushing funding costs higher in India, with surplus liquidity contracting gradually.

“Amid rising commodity prices and inflation, fundamentally the rate trajectory is only upside,” said Soumyajit Niyogi, associate director at Indian Ratings. “However, with active intervention from central banks, rates are benign across the globe. Back home, the RBI is expected to allow orderly movement of yields, rather than keeping it at the 6% level.”

Daily reverse repo surplus liquidity was at a peak of Rs 8.53 lakh crore, reported on May 5 last year, when the first wave of coronavirus shattered the economy and companies were seen scrambling for money.

Global crude oil prices hit a new three-year high on Friday, climbing above \$85 a barrel on forecasts of a supply deficit over the next few months.

( Originally published on Oct 18, 2021 )

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# Adani Ports & SEZ raises Rs 1,000 crore via NCDs



## Crypto Performance

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PTI Last Updated: Oct 19, 2021, 12:23 AM IST

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### Synopsis

APSEZ in a BSE filing said that NCDs will be listed on the Wholesale Debt Market segment of BSE Limited.

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hands for its revival



**New Delhi: Adani Ports and Special Economic Zone (APSEZ) on Monday said the company has raised Rs 1,000 crore by allotment of secured, redeemable, and non-convertible debentures (NCD) on the private placement basis. APSEZ in a BSE filing said that NCDs will be listed on the Wholesale Debt Market segment of BSE Limited.**

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"With reference to above, we would like to inform

that the company has raised Rs. 1,000 crores (Rupees One Thousand Crore only) today by allotment of 10,000 rated, listed, secured, redeemable, Non-Convertible Debentures (NCDs) of the face value of Rs. 10,00,000/- each on private placement basis," it said.

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