

## **Why are investors still bullish on India?**

*Telegraph UK, Wednesday, 24th September 2014*

Bloomberg's David Ingles takes a look at the Indian markets and why investors are still confident

India's 10-year government bonds fell after yesterday's drop in yield to the lowest level in almost two months deterred buyers. The notes rose in the past three weeks as data showing India's consumer-price inflation eased in August and the current-account deficit narrowed last quarter from a year earlier boosted investor confidence. The government and the central bank will meet on the 26 Sept to decide on debt sales for the October-March period, said two officials with knowledge of the matter, who asked not to be named because the talks are private. "The market is consolidating after a good rally," said Debendra Kumar Dash, a fixed-income trader at DCB Bank Ltd. in Mumbai. "The government's borrowing plan and the central bank policy will be the next triggers for bonds." The yield on the 8.4pc securities due July 2024 climbed two basis points, or 0.02 percentage point, to 8.46 pc as of 9.52 am in Mumbai, according to prices from the central bank's trading system. The yield dropped 12 basis points this month through yesterday to 8.44pc, the lowest level since 28 July. Reports last week showed wholesale-price gains slowed to a five-year low of 3.74pc in August, while the trade deficit narrowed to \$10.8bn from \$12.2bn in July, adding to optimism policy makers' efforts to revive the economy are bearing fruit. Reserve Bank of India Governor Raghuram Rajan, who has raised borrowing costs three times in the past year to curb inflation, next reviews policy on 30 Sept. One-year interest-rate swaps, derivative contracts used to guard against swings in funding costs, rose one basis point to 8.42pc, data compiled by Bloomberg show.