CARE Ratings
Professional Risk Opinion

Debt Market Updates for October 2020

17 November, 2020

Summary

Declining yields in the primary and secondary markets and lower borrowings characterized the Indian debt markets in October'20.

Although fund raising by the government (centre and states) in October 2020 was markedly higher on a year-on-year basis, it was lower than that in the previous month. Borrowings by corporates from the debt capital markets were lower on a monthly as well as yearly basis and was limited to the higher credit rated entities. Similarly, bank credit growth continued to be tepid. However, bank credit offtake in October 2020 witnessed an improvement on a sequential basis. The sluggish borrowings by corporates indicated lower funding requirements despite easing of the lockdown restrictions across the country.

The cost of funds moderated for the government and corporates alike in October 2020, reversing the rise seen in the previous month. This easing can be attributed to the RBI's measures in its latest monetary policy to boost demand for government securities and liquidity infusion in the banking system. This helped bring down yields in the secondary market across segments of the debt markets. The risk perception of corporate bonds also improved during the month as highlighted by the narrowing of spreads with GSecs.

Table 1: Snapshot of the Indian Debt Market

Borrowings : Government								
	Unit	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Gsec	Rs. Crores	83,000	1,31,000	1,32,000	1,70,000	1,30,000	1,20,000	1,10,000
T-Bills	Rs. Crores	1,40,000	1,80,000	1,80,000	1,75,000	1,40,000	1,40,000	64,000
SDLs	Rs. Crores	59,255	47,950	60,071	47,600	55,600	83,120	74,210
Borrowings : Corporates								
	Unit	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Bonds	Rs. Crores	79,472	78,802	54,627	52,723	46,913	71,342	58,771
Commercial Papers	Rs. Crores	1,32,660	1,14,793	1,24,963	91,338	1,29,558	1,93,651	1,22,789
Incremental Bank Credit*	Rs. Crores	-97,445	-1,48,107	-1,25,831	-1,51,399	-1,59,131	-99,004	-32,008
ECB Registrations	$ Mn	996	1,490	1,021	2,148	1,605	5,223	

over March

Average Yields in Primary Markets (%): Government							
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
GSecs	6.13	5.78	5.8	5.65	5.89	5.96	5.80
T-bills	3.93	3.55	3.44	3.34	3.39	3.48	3.32
SDLs	7.34	6.25	6.1	5.92	6.30	6.50	7.01
Average Yield in Primary Market (%):Corporates							
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Bonds	7.03	7.19	7.55	7.19	6.63	6.95	6.48
CPs	5.26	4.79	4.03	3.50	3.38	3.78	3.52
Bank - MCLR*	8.00	7.85	7.68	7.58	7.45	7.40	7.35
ECBs #	1.70	1.61	2.44	2.40	1.86		
Average Yields in Secondary Markets (%)							
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
10 yr GSecs	6.28	6.04	5.84	5.82	5.96	6.00	5.92
Corporate Bonds	7.72	7.47	6.8	6.45	6.11	6.74	6.39
Commercial Paper	4.82	4.21	3.87	3.43	3.42	3.52	3.32

* Median MCLR (1 year) for Scheduled Commercial Banks #Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans

Borrowings by central Government

A.1 Central government borrowings

In the month of October 2020, the borrowings by the central government aggregated Rs. 1.1 lakh crores, 129% higher than that in October 2019 (Rs. 48,000 crores). The fresh issuances for the month were Rs 10,000 crores lower than the previous month (Rs 1.2 lakh crores in September 2020). 20% of the H2-borrowing target (Rs 5.44 lakh crores) was borrowed in October 2020. During the month, the total amount accepted at the aggregate level was equal to the notified amount. None of the auctions in October saw devolution to the primary dealers.

For the first half of FY21, the aggregate central government borrowings at Rs. 8.76 lakh crores was 79% higher than the borrowings of Rs. 4.90 lakh crores in the corresponding period of the previous year. The total borrowings by the central government in H2-FY21 are likely to be Rs 5.44 lakh crores, which includes the GST compensation cess shortfall of Rs 1.1 lakh crores. Therefore, the total market borrowings are Rs 13.1 lakh crores for FY21.

In October 2020, the short term borrowings by the central government by way of treasury bills (T-bills) reduced compared with previous months. These borrowings amounted to Rs. 64,000 crores, 33% higher than same month last year (Rs. 48,000 crores in October 2019). However, the T-Bill borrowings were 54% lower than Rs. 1.40 lakh crores in the previous month. During April – October 2020, the Treasury bill borrowings aggregated Rs. 10.2 lakh crores, nearly double than Rs. 5.16 lakh crores worth borrowings in the corresponding period of last year.

A.2 State government borrowings

22 states and 2 UTs raised a total of Rs. 74,210 crores through the issue of State Development Loans (SDL) in October 2020. The SDL issuances during October 2020 were 11% or Rs. 8,910 crores less than that in September 2020. Among the states that borrowed during October 2020, the market borrowings by Maharashtra was the highest (Rs. 11,000 crores), followed by Karnataka (Rs. 8,000 crores). 4 states borrowed more than the notified amount of the auction during the month - Maharashtra (Rs.3,000 crores), Telangana (Rs.1,000 crores), Jharkhand (Rs.600 crores) and Gujarat (Rs. 500 crores).

During the first seven month of 2020-21, state governments have borrowed an aggregate of Rs.4.27 lakhs crores via market borrowings, 50% more than the borrowings in the corresponding period of 2019-20 (Rs. 2.85 lakh crores). Maharashtra (Rs. 59,500), Tamil Nadu (Rs. 54,000), Andhra Pradesh (Rs.37,250), Karnataka (Rs.37,000) and Rajasthan (Rs.30,450) have been top 5 borrowing states, accounting for 51% of the total borrowings by state governments during April-October'20.

B. Bank credit off take

As on October 23, 2020, the outstanding aggregate bank credit amounted to Rs. 103.4 lakh crores, Rs. 33,008 crores lower than end-March 2020. In terms of growth, the incremental bank credit contracted by 0.3% as on October 23, 2020 as against the 0.7% growth during the same period of last year.

Break-up of the sectoral bank credit off take during April-September 2020 continues to demonstrate contraction in bank credit over March 2020 across major sectors barring agriculture and allied activities. Bank credit off take by industrial sector declined by 4.5% in H1-FY21 (v/s -3.8% in H1 FY20) whereas that of the services sector declined at a lower 0.7% growth rate compared with de-growth of 2.2% in H1 FY20. This can be ascribed to weak demand and risk aversion by the banks due to pandemic situation.

Of the 19 key industries, 13 industries registered contraction in the bank credit off take namely; petroleum and coal, basic metals, chemicals, engineering, infrastructure, rubber and plastic, textiles among others.

Table 2: Incremental Bank Credit Growth: Industry-wise (April-September)

Contraction in Bank Credit

Industry	FY20	FY21
Petroleum, Coal Products & Nuclear Fuels	-15.1	-20.2
Chemicals & Chemical Products	-5.7	-13.7
All Engineering	-3.1	-10.8
Beverage & Tobacco	2.1	-9.4
Other Industries	6.5	-7.2
Gems & Jewellery	-8.9	-6.5
Mining & Quarrying (incl. Coal)	-0.9	-5.8
Food Processing	-9.3	-3.7
Infrastructure	-4.9	-3.7
Rubber, Plastic & their Products	2.6	-2.4
Basic Metal & Metal Product	-4.7	-2.1
Textiles	-8.2	-1.8
Cement & Cement Products	9.2	-0.6

Growth in Bank Credit

Industry	FY20	FY21
Construction	0.6	0.3
Glass & Glassware	-5.1	2.4
Wood & Wood Products	1.0	6.6
Leather & Leather Products	-0.2	6.8
Paper & Paper Products	-1.1	7.0
Vehicles, Vehicle Parts & Transport Equipment	4.0	9.1

Source: RBI

C. Corporate Bond Issuances

- Based on data from Prime Database, in October 2020, corporate bond issuances amounted to Rs. 58,771 crores, 18% lower than a month ago (Rs. 71,342 crores in September 2020) with private placement dominating the issuances (99%).
- In terms of sectoral debt issuances, banking/term lending had the highest 35% share in total debt issuances during the month followed by food and food processing (14%), financial services/investment (11%), oil exploration and drilling (9%).
- In October 2020 nearly 91% of the issuances carried a rating of AA- and above out of which 80% of the issuances had a rating of AAA followed by AA (4%), AA+ (5%) and AA- (2%). Nearly 7% of the issuances had A rating during the month.

Table 3 : Select Sectoral Corporate Bond (debt) Issuances – October 2020

Industry	Oct - 20
Banking/Term Lending	20,268
Cycles & Accessories	100
Diversified	875
Financial Services/Investments	6,239
Food & Food Processing	8,000
Housing Finance	3,955
Housing/Civil Construction/Real Estate	1,038
Media-Electronic & Print	50
Oil Exploration/Drilling/Refining	5,140
Power Generation & Supply	4,310
Steel/Sponge Iron/Pig Iron	4,000
Telecommunications	4,361
Textiles	100
Tyres & Tubes	250
Grand Total	58,687

Source: Provisional Data from Prime Database

- In H1 FY21, the total corporate bond issuances amounted to Rs. 4.43 lakh crores, 33% higher than Rs. 3.33 lakh crores in the same period last year. Nearly 40% of the issuances have been raised by public sector undertakings (PFC, REC, HUDCO, NABARD, NHB, NTPC, NHAI, EXIM, IRFC among others).

D. Commercial Paper Issuances

Commercial paper issuances (as per RBI) in October fell to Rs 1.23 lakh crores, 37% lower than the previous month and 34% lower than corresponding month last year. Total CP issuances during April-October 2020 stood at Rs 9.1 lakh crores, 34% lower than the corresponding period last year. The decline so far this year can be attributed to the pandemic led lockdown and the consequent lower requirement of short term funds by corporates.

Table 4a: Sectoral Commercial Paper Issuances* – October 2020

Industry	% share
Financial Services/Investments	25.0
Oil Exploration/Drilling/Refining	23.7
Banking/Term Lending	11.2
Housing Finance	11.2
Power Generation & Supply	6.7
Others	22.2

Note: * provisional data as on 13th November, 2020.
Source: Prime Database

During October2020, the share of issuances of less than 14 days and between 14-28 days were broadly equally at around 13% each while that of 28-91 days was the highest at around 45%. The % share of issuances in the less than 14 days bracket has fallen from 39% in

September 2020 to 13% in October 2020 while that of the 28-91 days bracket has increased from 30% in September to 45% in October. So far this year, the % share of CPs raised between 28-91 days is the highest at 45% followed by >=91 days at 39%.

Table 4b: Duration wise commercial paper issuances - October

No of days	% share
<14	13.4
14-28	13.1
28-91	44.7
>=91	28.8

Source: Prime Database

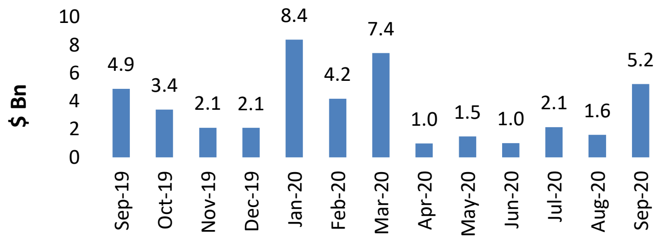
Sectoral issuances

- Financial services (25%), oil exploration (23.7%) and banking and housing finance (11.2% each) together account for nearly 70% of the total issuances in October 2020.
- Public sector undertakings (like Indian Oil Corporation, NABARD, NTPC etc) accounted for around 45% of CP issuances in October 2020, higher than 29% share in September 2020. So far this year, public sector undertakings have raised 37.6% of total CP issuances with the highest of 53% recorded in April 2020.

E. External Commercial Borrowings (ECB)

Registrations for overseas borrowings by Indian corporates saw a sharp increase in September 2020. The ECB registrations at $5.2 bn during the month were by far the highest in the current financial year (42% of total registrations) and significantly higher than the monthly registrations of an average $1.5 bn in the preceding 5 months. Despite the surge in registration during September 2020, the overseas borrowings in 2020-21 have been markedly lower than that in 2019-20. In H1 2020-21, the ECB registrations at $12.5 bn were half that of H1 2019-20 ($25.3 bn).

Chart 1: ECB Registrations



Source: RBI

The sizeable increase in ECB registration in September 2020 has been led by Reliance Industries (petroleum products manufacturing) which accounted for 85% of the total registrations.

Table 5: Sectoral Share in ECB registrations: Apr-Sep'20

Sectors	% share
Manufacture of coke and refined petroleum products	38.9
Financial service activities	14.9
Warehousing and support activities for transportation	11.7
Manufacture of chemicals and chemical products	5.4
Electricity, gas, steam and air conditioning supply	5.2
Manufacture of motor vehicles, trailers and semi-trailers	3.5
Manufacture of food products	3.1
Others	20.4

Source: RBI

The lower borrowings from the overseas markets in the current financial year can in large part be attributed to the pandemic led economic and business disruptions that have made corporates reluctant to borrow and add to their liabilities amid uncertainties about the future. Also, the fall in domestic interest rates and the limited appreciation in the Rupee against the USD (despite lower current account deficit and increase in forex reserves) has lowered the attractiveness of external borrowings despite the low interest rates prevailing in the overseas markets.

Table 6: Purpose of ECB: Apr-Sep'20

Purpose	% share
On-lending/Sub-lending	24.6
Working Capital	10.1
Refinancing of Earlier ECB	6.7
New Project	5.5
Refinancing of Rupee loans	3.8
Import of Capital Goods	3.6
Modernisation	2.6
Infrastructure development	2.4
Overseas Acquisition	1.7
Rupee Expenditure Loc.CG	1.6
Micro Finance	0.3
Others	37.1

Source: RBI

In terms of sectoral borrowings, petroleum products manufacturing has been the largest borrower in H1 2020-21, accounting for nearly 40% of the total ECB registrations during the period. Among other sectors, the financial services sector has been a large borrower in the current financial year with a 15% share in the total ECB registrations in H1 2020-21, followed by warehousing which has a 12% share. The other borrowers were predominantly from the manufacturing sector.

The intended borrowings this year are mainly for on-lending (25% share) and meeting working capital requirements (10% share). Nearly 10% of the borrowings are towards refinancing earlier ECB and rupee loans.

Cost of borrowings

A. Central and State Government

A.1 GSec: In October 2020, the weighted average yield of fresh borrowings by the central government declined to 3-month low of 5.8%, 16 bps lower than the previous month and 91 bps lower than the corresponding month last year (6.71% in October 2019).

***A.2 T-bills*:** In October 2020, the cost of borrowing for short-term borrowings of the central government moderated on account lower borrowings during the month. The weighted average yield of T-bills for the month at 3.32% was 16 bps lower than the yield of 3.48% in September 2020. It was 61 bps lower than that in April 2020 (3.93%) and 197 bps lower than that in October 2019 (5.29%).

The cost of borrowings across various maturities too declined in October 2020 compared with the previous month. The weighted average yield of 91 days T-Bills was lower by marginally by 5 bps month on month at 3.23%, 181 days T-bills was 15 bps lower at 3.38% and 364-days was 18 bps lower at 3.47% than a month ago level.

A.3 State Development Loans: The cost of borrowing for the state government in October 2020 rose to the highest levels in 6 months. The weighted average yields of state development loans (across states and tenures) issued during October 2020 at 7.01% was 51 bps higher than month ago. This increase can in large part be attributed to the sharp increase in yields at the first auction of the month i.e. 6 October 2020, wherein the weighted average cost of borrowings for the states rose to 6.80%, a 23 bps increase from the preceding week. In the subsequent three weekly auctions of the month, there was a moderation in the weighted average cost of borrowing (by as much as 30 bps). This decline can be ascribed to the policy measures announced by the RBI at its monetary policy meet on 9 October'20 which included the introduction of special OMO's (open market operations) in SDLs to support state government borrowings.

The weighted average cost of borrowing during the months however continued to be 33 bps lower than that in April'20. Of the 22 states and 2 UTs that undertook market borrowings October 2020, the cost of borrowings i.e. the weighted average yield was the highest for J&K (7.15%) and Madhya Pradesh (6.96%). It was the lowest for Bihar at 5.34%.

B. Bank Lending Rates (MCLR and WALR)

The marginal cost of lending rate (MCLR) of scheduled commercial banks declined further in October 2020 to the lowest levels since April'16. The median 1 year MCLR of scheduled commercial banks in October 2020 at 7.35% was 5 bps lower than a month ago. Even though the RBI has cut key interest (repo) rate by 115 bps since end-March 2020, the median 1 year MCLR of scheduled commercial banks (SCBs) has declined by only 65 bps in the subsequent 7 months. At the bank group level, public sector banks saw their median lending rates in October 2020 decline by 2 bps (to 7.33%) from that in September 2020 while that of private sector banks was stable at 8.65%. In the case of foreign banks, the month-on-month decline in the median lending rate was 34 bps (to 6.09%)

The median 1 year MCLR of public sector banks in September'20 was 133 bps lower than that of private sector banks and 124 bps higher than that of foreign banks. Public sector banks MCLR (median 1 year) has declined by 66 bps during the 7 months to October 2020 while that of private sector banks has fallen by 35 bps and foreign banks by 135 bps.

The weighted average lending rate (WALR) of fresh rupee loans sanctioned by scheduled commercial banks at 8.29% in September 2020 was 6 bps lower than a month ago. The WALR of scheduled commercial banks, however, has declined by 23 bps during April –September 2020. The decline here has been higher in the case of foreign and public sector banks than private sector banks. The WALR of foreign sector banks has declined by 101 bps and that of public sector banks by 32 bps while that of the private sector banks has fallen by 25 bps. The WALR of public sector banks at 8.12% in September 2020 was 54 bps lower than that of private sector banks.

C. Corporate Bonds

The borrowing cost for the corporates moderated in October 2020. The weighted average yield of corporate bond issuances declined by 47 basis points to 6.48% compared with the previous month (6.95% in September 2020) and 55 bps lower than that in April 2020 (7.03%). It was however, 129 bps lower than 7.77% in October 2019.

- The cost of issuances for key segments, i.e. All India Financial Institutions (AIFs)[1], Housing Finance Companies (HFCs), Non-Banking Financial companies (NBFCs) and Non-NBFCs in the AAA rating category and the consequent changes in the yields shows mixed picture.
- When compared with September 2020, the weighted average yields of AIFs fell by 65 bps to 6.19% in October 2020.
- AAA-rated HFCs cost of borrowings increased by 89 bps to 6.93%.
- On the other hand, the cost of borrowings by AAA rated NBFCs remained nearly unchanged from a month ago whereas that of others including mfg and banks moderated by 27 bps to 5.94%.

Table 6: Issuer-wise corporate bond yields in the primary markets

AAA rated	AIFs	HFCs	NBFCs	Others*
Oct-19	7.37	7.97	7.72	NA
Nov-19	7.17	7.25	7.79	9.05
Dec-19	7.74	7.36	8.34	6.72
Jan-20	7.23	7.36	8.05	7.56
Feb-20	6.94	7.24	7.78	6.91
Mar-20	7.30	7.70	7.57	7.62
Apr-20	6.69	7.21	7.64	7.11
May-20	6.61	7.12	7.48	7.04
Jun-20	6.86	6.62	7.03	6.95
Jul-20	6.05	7.28	7.24	8.31
Aug-20	6.00	5.41	5.93	6.74
Sep-20	6.84	6.04	5.98	6.22
Oct-20	6.19	6.93	5.98	5.94

*Others include banks and manufacturing companies.
Source: Prime Database; CARE Ratings' Calculation

D. Commercial Paper

The cost of borrowing via commercial paper fell to 3.52% in October 2020, 74 bps lower than the previous month and 2.22% lower than the corresponding period last year. The weighted average yields in October 2020 have fallen by almost 1% in case of the NBFC sector and 36 bps for the HFCs but have remained broadly unchanged in case of AIFIs from the previous month. On a y-o-y basis, there has been a broad-base fall across these 4 segments with the sharpest declined registered in case of NBFCs and HFCs of around 2.4%. AIFIs in October have seen a decline in weighted average cost of borrowings by 2% from the corresponding month last year. Almost all CP issuances during the month had a credit rating of A1+ category (very high degree of safety of lowest credit risk).

- The cost of borrowings for NBFCs which had marginally picked up in September 2020 has again registered a fall of little more than 1% in October 2020. Only 6% of the total issuances in October have been more than the weighted average cost of borrowings for the NBFC segment (4.82%).
- HFCs have recorded two successive months of fall in the weighted average cost of borrowings for the sector and stood at 3.83% in October 2020. Only 13% of the total issuances from the segment has been at yields which is more than the weighted average cost of borrowings for the segment (3.83%).

Table 8: Issuer-wise commercial paper yields in the primary markets

	NBFC	HFC	AIF	Others	Weighted average
Oct-19	6.15	5.93	5.44	5.64	5.74
Nov-19	6.20	5.74	5.17	5.55	5.52
Dec-19	6.15	5.39	5.13	5.53	5.49
Jan-20	6.01	6.06	5.31	5.94	5.67
Feb-20	6.13	6.02	5.38	5.67	5.66
Mar-20	9.84	5.29	5.73	5.75	6.13
Apr-20	6.51	5.78	4.95	6.16	5.53
May-20	5.64	4.86	4.56	5.40	5.21
Jun-20	5.40	4.30	3.77	4.87	4.47
Jul-20	4.82	3.83	3.37	4.21	4.02
Aug-20	3.98	4.63	3.35	3.85	3.74
Sep-20	4.82	3.89	3.39	4.53	4.27
Oct-20	3.75	3.53	3.40	3.52	3.52

Source: Prime database, CARE Ratings calculation
*Others include telecom, power, real estate, textiles, cement, fertilizers, etc.

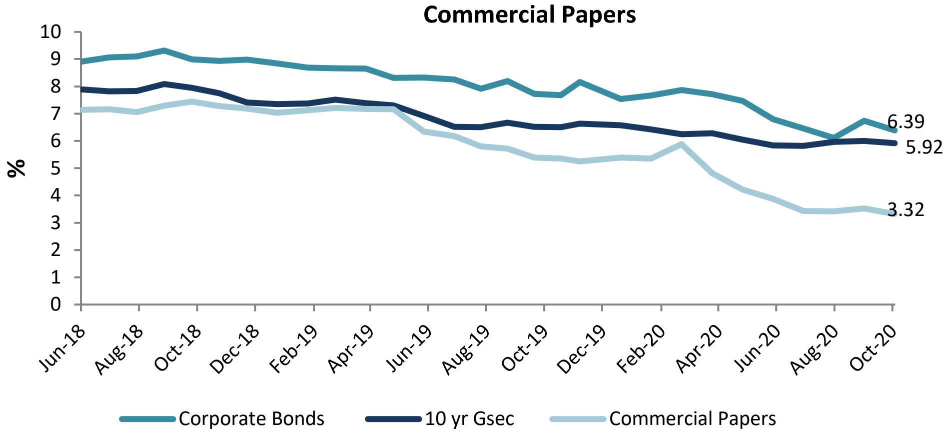
[1] AIFs include public sector undertakings such as NABARD, SIDBI, Indian Railway Finance Corporation Ltd.

- AIFIs raised funds at a weighted average yield of 3.40% in October, almost at the same average rate of the previous month.
- Under the other segments, sub-categories like real estate (3.78%), steel (3.8%) and travel (3.9%) have seen a sharp decline in the weighted average yields from the previous month. Key sectors like household and personal products (3.24%), cement and construction materials (3.38%), power generation (3.48%) have weighted average yields lower than the average for the segment (3.52%).
- The weighted average yields of all the four segments have registered notable decline in yields in October 2020 compared with October 2019.

Secondary Market Yields

A. Secondary market yields

Chart 2: Secondary Market Yields : GSecs, Corporate Bonds and Commercial Papers



Source: FBIL, RBI, FIMMDA and CARE Ratings calculations. Corporate Bond yields are the weighted average yields across rating categories

The secondary market yields of the central government as well as corporate debt securities declined in October 2020 from month ago.

The average yield of the 10 year benchmark GSec fell by 8 bps to 5.92% in October 2020 from that in September 2020.The decline in GSec yields was aided by the RBI's measures announced in the monetary policy (9 Oct'20) to boost demand for government securities viz. increase in OMO purchases , liquidity infusions through TLTRO and increased time limit for keeping government bonds in HTM category (till Mar'22). At the same time, the sustained high level of inflation and the increase in central government borrowings to compensate the states for the GST shortfalls limited the fall in yields.

Corporate bond yields (weighted average yields) at 6.39% in October 2020 was 36 bps lower than in September 2020. In case of commercial paper, the average yields dropped by 20 bps to 3.32%. Yields (weighted average) of corporate bonds and commercial papers have declined by 133 bps and 149 bps respectively since April 2020.

While the fall in GSec yields helped bring down yields across segments of the debt market in October 2020, the near sustained decline in the yields of corporate debt securities in the last 7 months has been driven by demand for corporate debt securities from banks and mutual funds. The lower issuances of commercial paper in the current financial year have also aided demand for these securities.

Demand for corporate debt securities from banks has been aided by the sustained sizeable liquidity surplus in the banking system amid low credit offtake, while steady inflows into mutual funds has fueled demand from this segment. There has been an increase in the assets under management (AUM) of corporate bond funds in the last 3-4months (average AUM has increased from Rs. 0.97 lakh crores in June 2020 to Rs. 1.37 lakh crores in October 2020). The aggregate AUM of the liquid funds and money market funds has increased from Rs.4.42 lakh crores in September 2020 to Rs.4.79 lakh crores in October 2020.

On a month-on-month basis, mutual funds witnessed net inflows into liquid funds (Rs.19,583 crores), money market funds (Rs.15,446 crores) and corporate debt funds (Rs.15,052 crores) in October 2020.

.Table 9: Corporate Bond Spreads over GSec: 10-year maturity

Month end (%)	GSec yields	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
31-Jan-19	7.28	1.29	1.68	1.88	2.29	2.99	3.99	4.29	5.29	5.54	6.04
28-Feb-19	7.41	1.40	1.70	1.94	2.40	3.10	4.10	4.40	5.40	5.65	6.15
29-Mar-19	7.35	1.08	1.45	1.68	2.12	2.82	3.82	4.12	5.12	5.37	5.87
30-Apr-19	7.41	1.13	1.47	1.75	2.13	2.83	3.83	4.13	5.13	5.38	5.88
31-May-19	7.03	1.18	1.50	1.77	2.15	2.85	3.85	4.15	5.15	5.40	5.9
28-Jun-19	6.88	1.25	1.56	1.84	2.21	2.91	3.91	4.21	5.21	5.46	5.96
31-Jul-19	6.37	1.39	1.75	2.01	2.35	3.35	4.05	4.35	5.35	5.60	6.10
30-Aug-19	6.56	1.00	1.39	1.63	1.97	2.97	3.67	3.97	4.97	5.22	5.72
30-Sep-19	6.70	1.05	1.39	1.69	2.02	3.02	3.72	4.02	5.02	5.27	5.77
31-Oct-19	6.45	1.28	1.60	1.88	2.20	3.60	3.90	4.70	5.20	5.45	5.95
29-Nov-19	6.47	1.12	1.42	1.70	1.95	3.35	3.65	4.45	4.95	5.20	5.70
31-Dec-19	6.56	1.01	1.31	1.56	1.92	3.32	3.62	4.42	4.92	5.17	5.67
31-Jan-20	6.60	0.99	1.27	1.54	1.82	2.82	3.32	3.82	4.07	4.32	4.57
28-Feb-20	6.37	0.34	0.71	1.02	1.39	2.14	2.39	2.89	3.39	3.64	3.89
31-Mar-20	6.14	0.81	1.13	1.53	1.73	2.73	3.23	3.73	3.98	4.23	4.48
30-Apr-20	6.28	1.20	1.54	1.86	2.00	3.00	3.50	4.00	4.25	4.50	4.75
29-May-20	6.01	1.21	1.66	2.03	2.41	3.41	3.91	4.41	4.66	4.91	5.16
30-Jun-20	5.89	0.86	1.38	1.81	2.20	3.20	3.70	4.20	4.45	4.70	4.95
31-Jul-20	5.83	0.75	1.26	1.64	2.04	3.54	3.79	4.54	4.79	5.04	5.54
31-Aug-20	6.12	0.73	1.18	1.57	1.98	3.48	3.73	4.48	4.73	4.98	5.48
30-Sep-20	6.02	0.75	1.24	1.52	1.97	3.47	3.72	4.47	4.72	4.97	5.47
29-Oct-20	5.88	0.61	1.10	1.37	1.83	3.33	3.58	4.33	4.58	4.83	5.33

Source: FIMMDA

The risk perception of corporate bonds improved in October 2020 from month ago as was highlighted by the narrowing of the spread between corporate bonds and the bench mark government securities of comparable maturity (10 years).
The comparison of yield spreads on the last day of October 2020 with that of end September 2020 showed that the yield spreads for corporate bonds across rating categories was 14 bps lower (15 bps in case of AA rated)

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