RESEARCH REPORT

2019-20

Safe Haven Assets

Finance and Investment Cell
SGGSCC

INTRODUCTION

Meaning

A safe haven is an investment that is expected to retain or increase in value during times of market turbulence. Safe havens are sought by investors to limit their exposure to losses in the event of market downturns.

A safe haven investment diversifies an investor's portfolio and is beneficial in times of market volatility. When the market is in turmoil, the market value of most investments falls steeply.
While such systemic events in the market are unavoidable, some investors look to buy safe haven assets that are uncorrelated or negatively correlated to the general market during times of distress. While most assets are falling in value, safe havens either retain or increase in value.

KEY TAKEAWAYS

- Safe haven investments offer protection from market downswings.
- Precious metals, currencies, stocks from particular sectors and more have been identified as safe havens in the past.
- Safe havens in one period of market volatility may react differently in another, so there is no consistent safe haven other than portfolio diversity.

Characteristics

There are certain characteristics that assets often have that contribute to their reputation as a safe-haven, which include:

- Liquidity: the asset needs to be easily convertible to cash, at any time
- Functionality: the asset needs to have a use that will continually provide long-term demand
- Limited supply: the growth of supply should never outweigh the demand
- Certainty of demand: the asset is unlikely to be replaced or become outdated
- Permanence: the asset should not decay or rot over time
- No correlation: it means that the assets are in negative correlation with respect to the general market during the time of distress, i.e. there is a relationship between two variables in which one variable increases as the other decreases, and vice versa.

Relevance of Safe Havens Assets

Safe haven are favored as a protective measure as they are meant to be unaffected by market conditions unlike other products such as equities. People prefer to be in situations of low risk mostly because of the following reasons:

1. Limits the loss/ exposure to loss:

Essentially, safe havens are used by investors to limit their exposure to loosen the event of slump in the market.

2. Balanced portfolio

Market participants use safe havens, as a form of safety net against loss of investment.

3. Protects the overall portfolio

Safe havens are used to protect the overall portfolio so even if the market as a whole is performing badly, the safe haven investment will help them ride out the storm and protect at least part of their investment

4. Tail risk

Tail risk is the risk of an asset or portfolio of assets moving more than three standard deviations from its current price. To simplify, tail risks are very unlikely events which entail very serious consequences.

When is Investing in Safe Haven Assets Useful?

A safe haven investment **diversifies** an investor’s portfolio and is beneficial in times of market volatility
When the market is in turmoil, the **market value** of most investments **falls steeply**.

While such systemic events in the market are unavoidable, some investors look to buy safe haven assets that are uncorrelated or negatively correlated to the general market during **times of distress**. While most assets are falling in value, safe havens either retain or increase in value.

It can also be exchanged as collateral for settlement of any transactions, ensuring solvency in the financial system.

E.g.: When Lehman Brothers collapsed in September of 2008, investors turned away from riskier corporate bonds and fled to U.S. government-backed Treasury bonds. They did so for safety, despite the fact that high demand for Treasuries caused their yield to decline sharply, resulting in near zero rates of return.

CLASSIFICATION

There are a plenty of safe haven investment options available for investors and let's look at some of the examples which will discussed in detail in the upcoming sections of the report:

Gold: It is a physical asset with intrinsic value. Its value isn't going to plummet just because the markets do. In fact, during times of market turbulence, gold historically increases in value, making it a great way not just to keep your money safe, but to grow your portfolio and make sure you have enough stored away for your retirement.

Treasury bills (T-bills): These debt securities are backed by the full faith and credit of the concerned government and, hence, are considered safe havens even in tumultuous economic climates. T-bills are considered to be risk-free, as any principal invested is repaid by the government when the bill matures. Investors, therefore, tend to run to these securities during times of perceived economic chaos.

Defensive Stocks: Examples of defensive stocks include utility, healthcare, biotechnology, and consumer goods companies. Regardless of the state of the market, consumers are still going to purchase food, health products, and basic home supplies. Therefore, companies operating in the defensive sector will typically retain their values during times of uncertainty, as investors increase their demand for these shares.

Currencies as a Safe Haven

History and present state

So currencies like Yen and Swiss Franc have been a safe haven for quite a long time, given these economy's **huge trade surplus** and **large Global assets** in them and they both continue to be investor’s favourite safe haven currencies even now.
While the U.S. Dollar was not considered a safe haven currency till the Great recession because of **trade deficits** and being on the reverse side of carry trades but after the recession the importance of Dollar has gone up quite significantly due to it being the **world’s reserve currency** and investors now moving towards Dollars even in case of small signs of volatility in the markets.

Factors affecting Currencies:

1. Trade surpluses
2. Global asset holdings of the economy
3. Money in circulation
4. Demand via carry trades

Best safe haven currency

Starting with the Japanese Yen it is quite good because of huge trade surplus, huge investor interest carry trades using the Yen and a formidable global asset holding. Meanwhile the US Dollar is a declining reserve currency because of the rise of the Chinese Yuan and the increased acceptance of other reserve Currencies as well. The dollar may not lose its status immediately but it’s a slow process while will take a couple of decades.

The Swiss Franc is also vulnerable to outflow of money given that its government has established data sharing mechanisms with other governments which will be a disincentive for firms/ individuals who are using the Swiss territory to hold their assets, which reduces the attractiveness of the Franc for investors.

Gold

History

It is recorded to be the **earliest metal** employed by humans. It has been **widely used** as money throughout the world for **efficient exchange** purposes. After World War II, it was replaced by a system of nominally convertible currencies related to fixed exchange rates. For a long period, the United States government set the value of the US dollar so that one **troy ounce** was equal to $20.67 ($0.665 per gram), but in 1934 the dollar was devalued to $35.00 per troy ounce ($0.889/g).

Other than this, the religious shrines such as The Sikh temple, Shri Harmandir Sahib has building covered with Gold, The Dome of the Rockis covered with a golden glassier and the emerald Buddhist temple Wat Phra Kaew has statues and roofs made of Gold.
Gold was also used to make some European Kings' and Queens' crowns and for bridal crowns since antiquity.

Factors affecting prices of Gold

- Protection against volatility
- Inflation
- Consumption demand
- Interest Rates
- Good Monsoon
- Impact of rupee dollar equation
- Geo political factors

Best Metal

According to the United States studies, at times silver, platinum and palladium perform as haven asset while Gold does not evincing the fact that gold is not the strongest and safest haven.

However Gold, certainly holds the highest ranking of haven asset as do silver and platinum that is why they are considered as reference values globally. So, it is the only truly accessible haven asset owing to its long term stability and universal recognition and it is safe to invest in as it holds out against any critical period.

Money market

Money market may be defined as a wholesale credit market which deals in very short term debt securities. So one of the most famous of safe havens and most prominent money market instrument is the Treasury bill.

History

The first regular Treasury bill auction was held in 1929 for a 13 week duration. By 1972, there were regular issues of the 13, 26 and 52 week bills. By 1974, the treasury was regularly issuing **cash management bills** to finance the seasonal low points in the treasury's cash balances. Later, the treasury included 4 month bill from 2001 and 8 week bills came into play from 2018.

Factors affecting T- Bills

- Interest rate policy by the central bank
- Market Risk
- Credit risk
- Inflation
- Maturity period

Best Money Market Instrument

Now comes the question whether T- bills are the best of safe haven securities and the answer will be yes but with some caveats. T -bills are very secure because they are guaranteed by the US government which makes them free from credit risks. Moreover dollar in itself being a safe haven currency in today’s world, which provides T bills with an added layer of safety as well.
But the only problem with T- bills is that they are prone to credit cycles i.e. they tend to underperform in a rising rate environment.

CRYPTOCURRENCIES

A Crypto Currency is a digital asset designed to work as a medium of exchange that uses strong cryptography to secure financial transactions, control the creation of additional units, and verify the transfer of assets.

History and present with the global economy

Bit coins have grown over the past few years from being an innovative reward that can be mined online that intrigued tech geeks to one of the most volatile decentralized digital currency. With 2.9 to 5.8 million unique users, the craze around Bitcoins is clearly at its peak and people cannot help but contemplate buy this popular crypto currency.

Factors influencing price of Bitcoin

- User adoption
- Limited supply fluctuating demand
- Media attention
- Government regulations
- Crypto community
- Technological innovations

Best Cryptocurrency

Bitcoin recently joined the ranks of safe haven assets, according to Chris Reinertsen, Chief Marketing Officer of Rhythm Technologies. Traditionally, U.S. Treasuries, gold, and the Swiss Franc have been considered safe haven assets. And more recently, so has Bitcoin. Today, almost three years after Trump became the 45th president of the United States, it seems like neither Gold nor bonds were the best safe haven assets it was bitcoin investors are beginning to have a clear sense why bitcoin exists: its digital gold

DEFENSIVE STOCKS

Defensive Stock is a stock that provides constant dividends and therefore, a stable earning to the investor, regardless of the stock market situation. These stocks tend to perform better than other stocks (broader market) during recessions.

Historical value

Traditionally, the defensives basket has comprised consumer staples. In recent years, however, the stocks of IT services firms are also being included. FIIs, in particular, have been favoring IT stocks as defensive bets for a while now. It is seen as a segment that will show consistent growth in earnings as the demand for technology support is likely to sustain due to a revival in growth in developed nations.

Factors affecting the defensive stock market

1. Rupee appreciation/depreciation
2. Exports/Imports
3. Market sentiment

Trend in 2019

Defensive stocks are market leaders, outperforming growth stocks. The gains have been so big that it might be time to do the unthinkable: buy some cyclical stocks.

ANALYSIS

GOLD

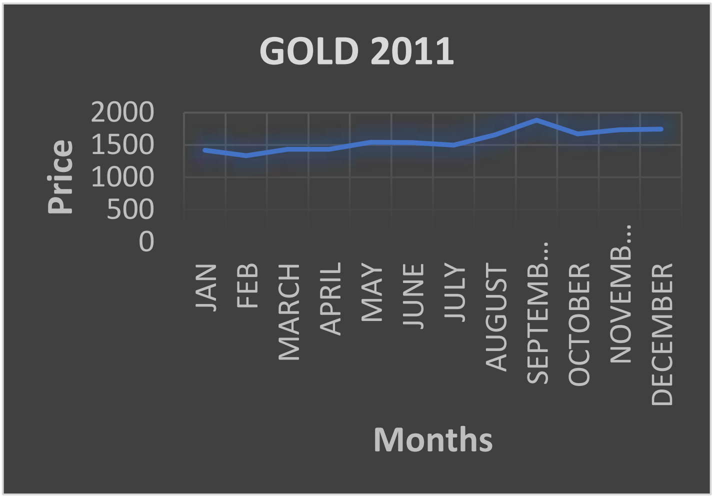
Gold during Global Financial Crisis of 2008

The 2008 financial crisis is the worst economic disaster since the Great Depression of 1929. Between 2008 and 2012, the value of gold increased dramatically, as is evidenced by the 101.1-percent surge in the Producer Price Index (PPI) for gold. Gold prices can act as an indicator of the health of the economy. A rise in the price of gold may be a signal that the economy is struggling.

The time when the economy is stable, the investors turn to be more speculative on bonds, equities and real estate and at that time prices of gold decline.

Thus, in 2008 value of gold increased.

Gold in UK crisis 2011



This investigates the non- linear dynamic co-movements between gold returns, stock market returns and stock market volatility during the recent global financial crisis for the UK (FTSE100), the US (S&P 500) and Japan (Nikkei 225). Very limited evidence of significant feedback is found during the pre-crisis period.

However, gold may be used as a hedge against stock market returns and volatility in stable financial conditions.

Thus, gold increased in value up to US$1750. Gold is typically considered a secure investment in times of economic uncertainty.

Beta Analysis of Gold

Gold shows the characteristics of a **zero-beta asset**. The beta indicates how volatile a stock's price is in comparison to stocks in general.

- A beta greater than 1 indicates a stock's price swings more wildly than most stocks.
- A beta of 1 or lower indicates that a stock's price is steadier than most stocks.

Generally gold is considered to be the zero-beta asset. Though, it is not true. At the time of recession the gold prices are extremely bullish and volatile as it is considered to be a safer long term option to invest.

Treasury bills

The 2007-2008 Global Financial Crisis

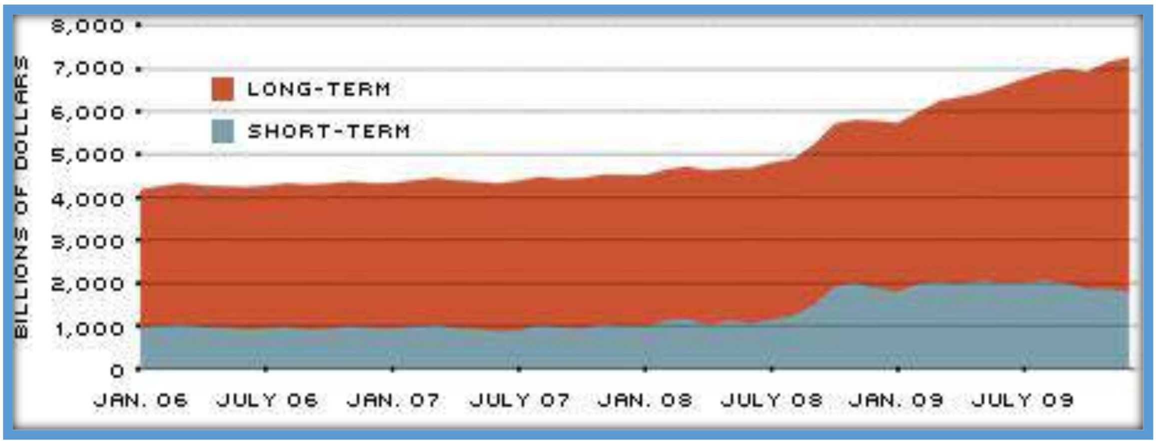
This financial crisis was the worst economic disaster since the Stock Market Crash of 1929. It started with a **subprime mortgage** lending crisis in 2007 and expanded into a global banking crisis with the **failure of investment bank Lehman Brothers** in September 2008. Increased selling pressure by panic-stricken investors lowered prices and raised yields on corporate bonds. At the same time, **investors increased their demand for safer assets, namely U.S. Treasuries**, and this led to a further decline in the yields on U.S. Treasuries. Yields on short-term U.S. securities **decreased sharply** to near zero in November. However, the movement in long-term Treasury yields was sluggish—hovering about 4 percent before falling to about 2 percent in December 2008.

In fact, the increase in the demand for Treasuries was sufficiently large so that prices actually rose with an increase in the supply of government securities.

Supply of Government Securities

In the latter half of 2008, the Treasury auctioned a large amount of securities to cover the cost of the Emergency Economic Stabilization Act. After the act was passed, holdings of U.S. marketable Treasury securities continued to increase over the next year and a half, from $4.9 trillion in August 2008 to $7.4 trillion in February 2010. It shows the levels of short- and long-term securities outstanding from 2006 to 2009.

Levels of U.S. Treasuries Outstanding



In **summary**, there has been a large expansion in the amount of Treasury security offerings while yields on Treasuries have actually declined. Stated differently, the prices on Treasury securities have actually increased in the face of a rapidly expanding supply of these securities.

Also during the third quarter of 2008-09 primary market yields on Treasury Bills (TBs) showed a declining trend on account of various measures taken by the Reserve Bank to enhance liquidity in the system and cuts in policy rates. Thus, movements in Treasury bill yields have corresponded to monetary policy changes. The yield spread between 364-day and 91-day TB was -1 basis point in December 2008 (7 basis points in March 2008). Refer to appendix 1 for tabular information.

Interest Rate Response

Interest rate activity after the mortgage crisis of 2007 also seems to provide evidence that would suggest that investors found safety in U.S. Treasuries, especially T-bills. It shows the yields on the three-month and 10-year Treasuries, as well as those on Moody's AAA and BAA corporate bonds. There was no significant change in this difference of yields (spread) before the onset of the current financial crisis.

(Note: For more information related to the long-term treasury bills refer to the appendix 1.)

INTERNATIONAL STOCK

			(Per cent)
Country/Index	Percentage Variation (year-on-year)		Percentage Variation
	End-March 2007	End-March 2008	January 19, 2009 over end-March 2008
1	2	3	4
Developed Markets			
US (Dow Jones)	11.2	-0.7	-32.5*
US (NASDAQ)	3.5	-5.9	-33.0*
FTSE UK 100	5.8	-9.6	-28.0
Euro area (FTSE 100)	7.5	-15.7	-35.4
Japan (Nikkei 225)	1.3	-27.6	-34.1
Hong Kong (Hang Seng)	25.3	15.4	-41.6
Emerging Markets			
Russia	34.9	6.1	-74.1
Brazil	20.7	33.1	-36.3
Colombia	-3.7	-16.0	-15.6
South Africa	34.3	11.5	-32.3
South Korea	6.8	17.3	-32.5
Hungary	1.6	-7.3	-44.6
Singapore	28.2	-4.9	-41.9
Malaysia	34.6	0.1	-28.6
Argentina	16.8	0.0	-47.3
Turkey	1.8	-10.6	-35.8
Indonesia	38.4	33.7	-44.8
India	**15.9**	**19.7**	**-40.4**
Thailand	-8.1	21.3	-46.7
China	145.2	9.1	-42.8
Memo:			
World (MSCI)	13.4	-5.1	-40.2
EMEs (MSCI)	17.9	18.9	-51.7

- Equity prices plummeted across the major economies, affecting broadly all the major industrial sectors, with volatility soaring across the markets.
- The intensification of funding pressures in the global banking system, **fall in the share prices** was particularly sharp during the early October 2008. The recession concerns, which surfaced in late October and November, were reflected in the equity markets with the plunge in global equity markets being the highest than any of the crisis since the 1930s.

- News relating to negative earnings, tightening lending standards and subdued consumer confidence came to weigh heavily on the major indices.
- The corporate prospects worsened with the price of dividend swaps declining sharply, particularly during October. Alongside fall in equity prices, corporate credit spreads also widened further. Falling asset prices also affected the asset portfolios of long-term.
- ***<u>Equity markets in most of the developed and emerging economies declined due to concerns over economic slowdown in the US, Europe and Asia and dip in the profit outlook of companies</u>***

Currencies

Now we have a look at the various safe haven currencies and their behavior during the 2008 Recession, 2011 UK crisis and the present scenario.

<u>The US Dollar</u>

The case of the US dollar is one of the very curious cases of how a currency suddenly changes the way it usually responds to Global and domestic shocks and emerged as a safe haven. The following are the cases.

During and after the recession 2008

When the recession stuck, the US dollar initially weakened as was widely expected but then on from the collapse of Bear Stearns in July 2008, the dollar reversed its trajectory and then went on to appreciate against all the Currencies except a few like the Yen and the Franc. This appreciation was pretty severe following the collapse of Lehman brothers and from mid-September onwards till the early 2009 the dollar gained against a bunch of almost all global currencies (can be seen in the figure below).

Depreciation (-) of the US dollar *vis-à-vis* other Currencies			
			(Per cent)
Currency	End-March 2007 @	End-March 2008 @	January 13, 2009 *
1	2	3	4
Euro	-9.1	-15.8	19.2
Pound Sterling	-11.4	-1.5	36.3
Japanese Yen	0.2	-14.9	-10.7
Chinese Yuan	-3.4	-9.3	-2.6
Russian Rubble	-6.1	-9.7	32.9
Turkish Lira	3.2	-5.8	21.9
Indian Rupee	-2.5	-8.3	22.4
Indonesian Rupiah	0.5	1.1	21.7
Malaysian Ringgit	-6.2	-7.8	12.2
South Korean Won	-3.7	5.5	37.2
Thai Baht	-9.9	-10.2	11.1
Argentine Peso	0.7	2.1	9.0
Brazilian Peso	-6.4	-17.0	34.1
Mexican Peso	1.3	-3.5	29.2
South African Rand	17.2	11.3	24.8

@ : Year-on-year variation.
* : Variation over end-March 2008.

The behavior of any currency Vis a Vis the dollar can be attributed to three main reasons which are as follows:-

1. Investment liabilities vis a vis the US

It was observed that countries with huge US investment liabilities observed depreciation of about 25% while countries with lesser liabilities experienced depreciation of about 10%.

2.Size of Foreign exchange reserves

While the investors were pulling out of the emerging and developed assets in favor of US securities, there was a great redemption pressure on the global foreign exchange reserves. Due to this countries having large foreign exchange reserves comforted investors and such countries experienced much less depreciation , while in the case of countries with low reserves there was a lot of pain and disruptions as these

countries had low investor confidence and this set into motion a capital flight from these countries already restraining their low foreign reserves.
It was observed that countries with very low reserves experienced depreciation to the tune of about 23% while countries with significant reserves had a moderate depreciation of about 7% vies a vies the dollar.
Thus it can be said that countries with adequate reserves were able to comfort investors while those with low investors had problems in managing the capital flights that came with the recession and thus inducing the rise of the dollar index.

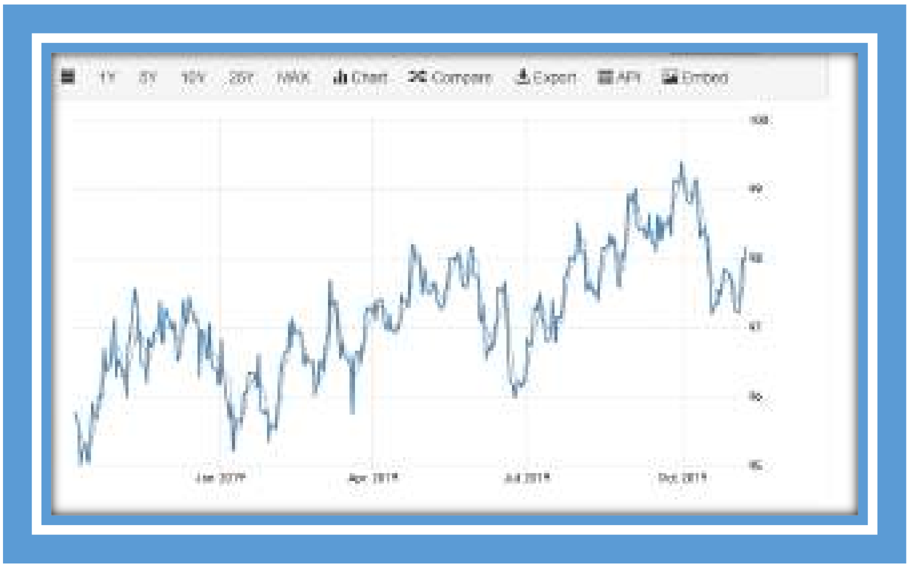
3. Current Account Positions

The current account balances of the countries had a significant impact on severity of the currency movements and the volatility of the capital flows and flights. A country having huge export surplus and positive current accounts were able to protect themselves as they usually had large and adequate reserves to comfort investors as they had slightly better fundamentals which acted as a buffer and protected them against external shocks. Those with negative balances of current account were battered as they usually had low reserves as well which got investors to pull out money ,this leading to capital flight even further complicating the management of the recession for them

The US dollar, generally, appreciated against most of the currencies as the US investors were liquidating their positions in overseas equity and bond markets and repatriating the money back to the US. Between end-March 2008 and January 13, 2009, the US dollar appreciated against the euro and Pound sterling. However, the US dollar depreciated largely against the **Japanese yen (SAFE HEAVEN)**, as a result of unwinding carry trades. Amongst Asian currencies also, the US dollar appreciated against Korean won, Thai Baht, Malaysian ringgit, Indonesian rupiah and Indian rupee but depreciated against Chinese Yuan

Current Scenario

DXY (US Dollar Index)



The trend of DXY (US dollar index) shows bullish trend.

The Japanese Yen

And if we analyses the case of the Japanese Yen we find that all the above mentioned conditions are present in the Japanese economy. So let’s start to analyses why these are so prevalent in the Japanese sense:-

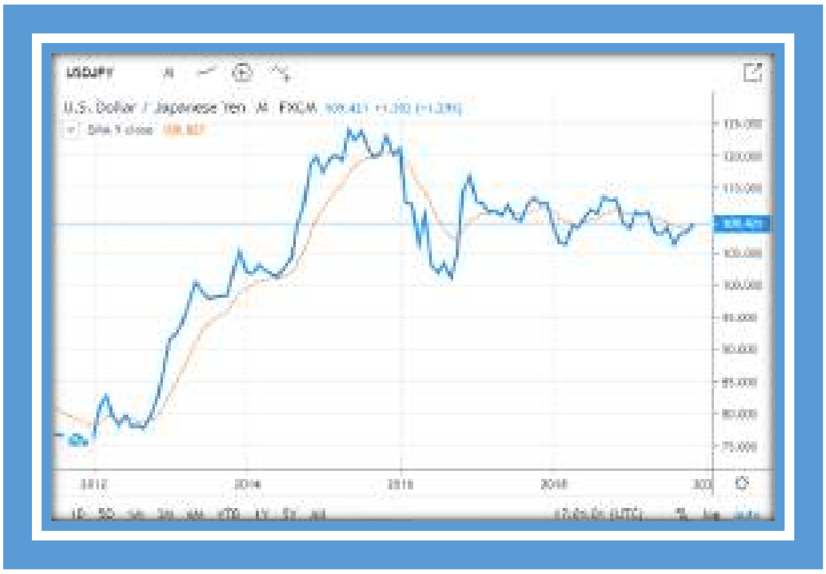
- High current surplus
- Asset positioning around the world
- Stable government

Japanese Yen during GFC 2008

Japanese Yen appreciated after the financial crisis and showed some signs of a safe haven. One of the reason is Japan has always been a large exporter and has continually exported significantly more goods and services than it imports.

The result has been decades of current account surpluses that have positioned Japan as a net creditor to the world. Another reason the Yen continues to act as a safe-haven currency is simply because everyone acknowledges that it is

Japanese Yen during UK crisis 2011



As price line cuts exponential moving average line from below, it indicates start of a bullish trend and price of Yen are expected to appreciate in near future.

Japan has been a great market darling for even more than 4 decades now and all this can be attributed to its stable government, its vast asset positioning around the world and its robust export sectors and huge Forex reserves.

The Swiss Franc

The Swiss franc has long been one of the most stable currencies and had been long considered as a safe haven currency due to its central position in European safe haven banking and loads of money that’s hidden in its banks. The main reasons why the Franc is among the most demanded haven currencies is because of the following reasons:-

The carry trade

Tough Banking and asset protection laws

Huge trade surplus and stable government

Swiss Franc during Global Financial Crisis of 2008

During the financial turmoil of 2008, for instance, the Swiss franc gained appreciably as more investors fled unsafe assets and parked their money in Swiss francs, which they perceived as safe. In 2008 the Swiss economy was barely recovering from a period of economic growth. The crisis hit the US and the EU, Switzerland's main economic partners, the hardest. The fall in the dollar and the outbreak of the crisis in the Eurozone again pushed the Swiss franc upwards. The start of upward trend can be seen by hammer pattern (candle with a very long lower shadow).

Swiss Franc during UK Crisis of 2011

Further it can be seen that as 2011 debt crisis hit, Swiss Franc again started appreciating after a small downtrend. Swiss National Bank had to provide support for the euro to maintain an exchange rate of at least 1.20 Swiss francs to a euro. The Swiss hoped that would help bring down the value of the Swiss franc and help the country maintain its price competitiveness in the export market

Current Scenario

Current trend shows an upward trend. Orange line shows exponential moving average of 9 days. As price line of Swiss Franc cuts the moving average line from below, it indicates a bullish trend and price of Swiss Franc tend to rise in near future.

DEFENSIVE STOCKS

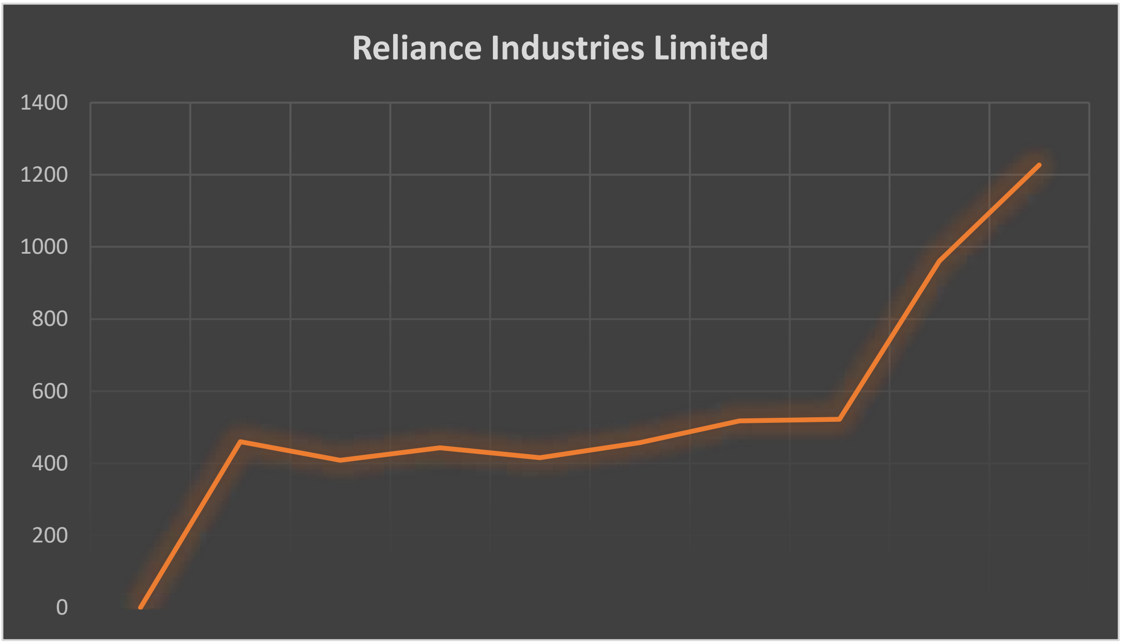
Defensive stock, also known as non-cyclic are considered to be the one whose earnings and growth remains stable. They have low correlation to the economy. Profits and cash flows for defensive companies will remain stable regardless of the economy, as will the share price.
Defensive stocks are outperforming growth stocks.

Usually, the beta coefficient of defensive stock is less than 1. It indicates that that these are less volatile as compared to the market indices.

Defensive stocks do provide its investors with good dividend yield. Good dividend yield in turn provide investors with stable return at the time of economic slowdown.

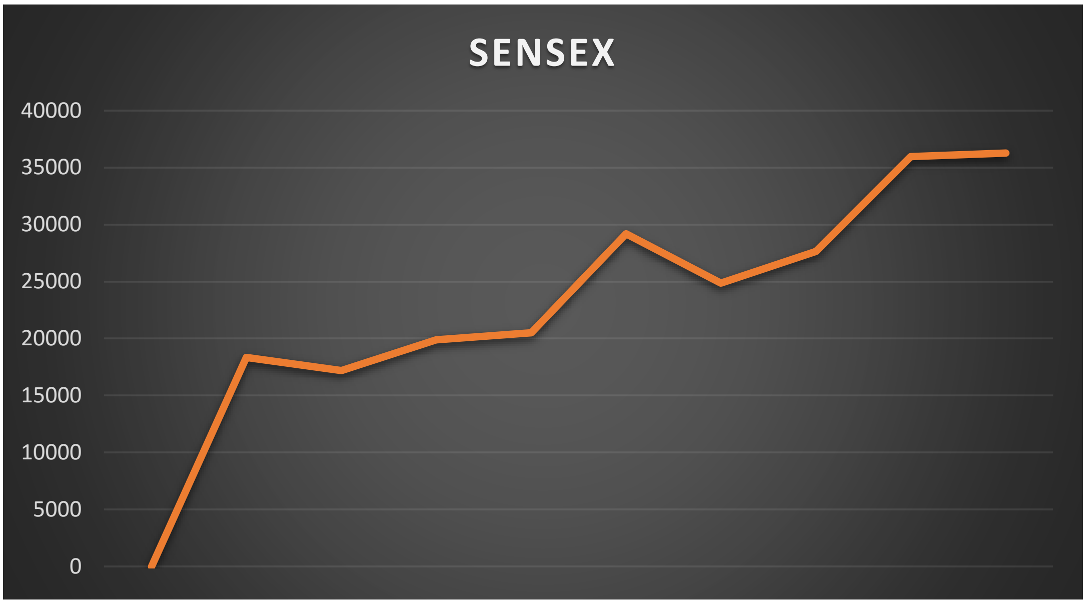
One of the examples that can be taken into consideration is Reliance Industries Limited.
Since its inception, it has provided its investor with regular returns.
Let’s have a look at its share price over last few years:

DATE	SHARE PRICE OF RIL
1-1-2011	459.65
2-1-2012	408.55
1-1-2013	443.32
1-1-2014	415.57
1-1-2015	457.62
1-1-2016	517.70
2-1-2017	522.40
1-1-2018	961.30
1-1-2019	1227.15
27-12-2019	1542.35



Movement BSE over the same tenure.

DATE	SENSEX
1-1-2011	18327.76
2-1-2012	17193.55
1-1-2013	19894.98
1-1-2014	20513.85
1-1-2015	29182.95
1-1-2016	24870.69
2-1-2017	27655.96
1-1-2018	35965.02
1-1-2019	36256.69
27-12-2019	41575.14



From the above data it can be stated that RIL has grown over the years. Even during the time of recession the stock and grown steadily.

APPENDICES

Appendix 1

Treasury Bills

Graph 1: Long term: - 10-year treasury

Table 1: T- BILL RATE

(Per cent)

Country	March 2006	March 2007	March 2008	June 2008	September 2008	December 2008	January 2009*
1	2	3	4	5	6	7	8
Advanced Economies							
Euro area	2.80	3.91	4.72	4.96	5.07	2.97	2.65
Japan	0.04	0.57	0.75	0.75	0.75	0.62	0.62
UK	4.58	5.55	6.01	5.93	6.25	2.73	2.23
US	4.77	5.23	2.26	2.29	2.04	0.44	0.29
Emerging Market Economies							
Argentina	9.63	9.63	10.44	16.50	13.81	19.56	18.56
Brazil	16.54	12.68	11.18	12.17	13.66	13.66	13.66
China	2.40	2.86	4.50	4.48	4.31	1.86	1.48
Hong Kong	4.47	4.17	1.83	2.33	3.66	1.00	0.80
India	**6.11**	**7.98**	**7.23**	**8.73**	**8.56**	**4.71**	**4.58**
Malaysia	3.51	3.64	3.62	3.69	3.70	3.40	3.37
Philippines	7.38	5.31	6.44	6.00	4.00	5.25	5.06
Singapore	3.44	3.00	1.38	1.25	1.78	0.91	0.77
South Korea	4.26	4.94	5.32	5.36	5.78	3.98	3.16
Thailand	5.10	4.45	3.25	3.65	3.85	3.85	3.85

*: As on January 14, 2009.

Note : Data for India refer to 91-day Treasury Bills rate and for other countries 3-month money market rates.

Source : The Economist.

Graph 2: YIELD ON TREASURY BILLS

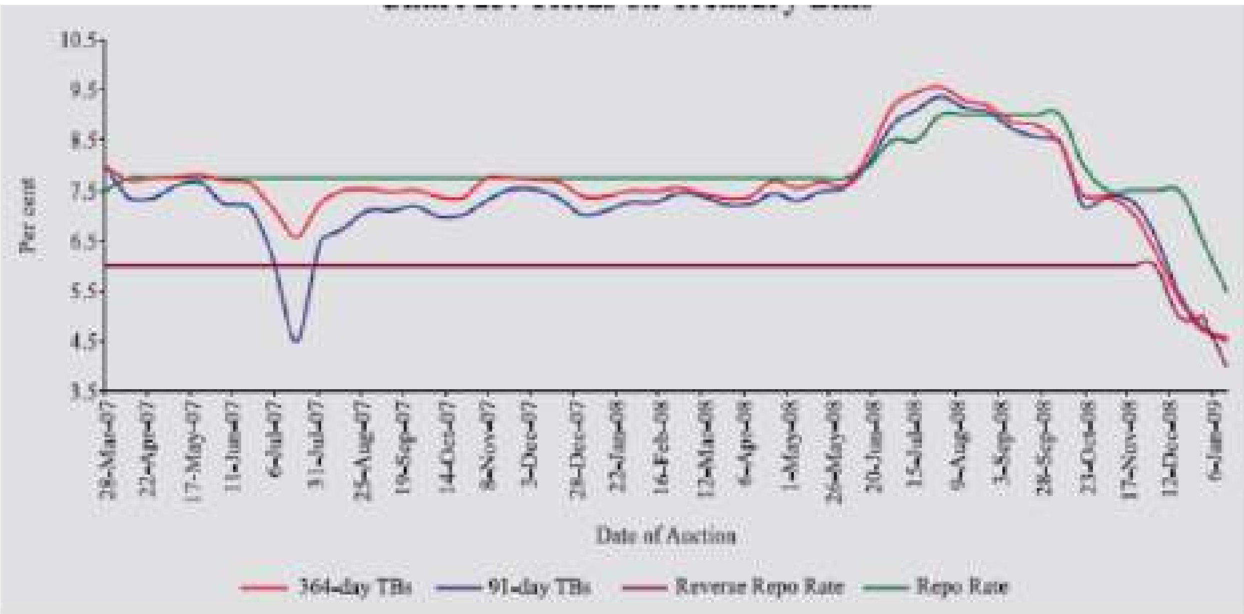


Table 2: TREASURY BILL IN PRIMARY

Month	Notified Amount (Rupees crore)	Average Implicit Yield at Minimum Cut-off Price (Per cent)			Average Bid-Cover Ratio		
		91-day	182-day	364-day	91-day	182-day	364-day
1	2	3	4	5	6	7	8
2006-07	**1,86,500@**	**6.64**	**6.91**	**7.01**	**1.97**	**2.00**	**2.66**
2007-08	**2,24,500@**	**7.10**	**7.40**	**7.42**	**2.84**	**2.79**	**3.21**
Apr 2008	22,000	7.28	7.41	7.53	2.63	3.17	2.36
May 2008	21,000	7.41	7.55	7.61	2.92	2.73	3.43
Jun 2008	11,500	8.01	8.42	7.93	2.45	2.76	2.80
Jul 2008	16,000	9.07	9.33	9.39	2.56	2.72	3.52
Aug 2008	23,500	9.15	9.31	9.24	2.99	2.86	4.24
Sep 2008	25,000	8.74	8.92	8.83	3.06	3.04	3.57
Oct 2008	35,000	8.13	8.36	7.92	1.95	2.42	4.00
Nov 2008	28,000	7.30	7.13	7.23	7.95	2.97	3.51
Dec 2008	16,500	5.49	5.35	5.48	5.36	4.67	5.59

@: Total for the financial year.

Note : 1. 182-day TBs were reintroduced with effect from April 2005.

2. Notified amounts are inclusive of issuances under the Market Stabilisation Scheme (MSS).

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