

# CALL RATES

- ▶ **Forex intervention crucial**
- ▶ **Reverse repo key to call rates**



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The liquidity in the system has been further enhanced due to government spending and RBI's recent forex intervention. The excess liquidity in the system after maintaining CRR balances by banks is around Rs 70,000 crore. The auctions for G-secs, SDLs and T-bills will drain

out Rs 32,500 crore from the banking system this week. Coupon inflows is around Rs 10,000 crore in the next fortnight. The system liquidity could increase if RBI intervenes in the forex markets to stabilise the rupee. RBI is expected to announce its annual credit policy on April 20 against the backdrop of high inflation and significant pick-up in economic activity. The excess liquidity situation is expected to come down as credit growth is expected to pick up momentum in the coming months. We expect call money and CBLO rates would trade around the reverse repo rates.