



INDIA

- ❖ The benchmark 6.10% bond maturing in 2031 ended at 97.63 rupees, yielding 6.44%, the highest since Apr. 16, 2020 and against 97.80 rupees and a 6.41% yield at the previous close.
- ❖ In an unexpected move, the Reserve Bank of India today held a three-day reverse repo worth two trillion rupees, the result of which was not yet declared.
- ❖ Banking system liquidity surplus has dropped to its lowest level in 20 weeks and is now barely above six trillion rupees. It is expected to drop further amid outflows towards Goods and Service Tax payments. Banks have already parked 5.63 trillion rupees with the central bank under multiple reverse repos.
- ❖ However, the central bank has begun the process of unwinding some of its extraordinary stimulus measures. This includes suspending bond purchases from the secondary market since October, while stepping up withdrawal of surplus liquidity via variable rate reverse repo auctions. The central bank aims to withdraw 7.50 trillion rupees through a 14-day VRRR on Dec. 31.
- ❖ Earlier today, bond yields eased after similar moves in U.S. Treasury yields as well as crude oil prices that fell on fears that a rise in Omicron cases in many parts of the world, including the United States and United Kingdom, may lead to further restrictions. This prompted investors to move to safe havens, and could also pose a threat to fuel demand.
- ❖ The 10-year U.S. Treasury yield declined three basis points to 1.38%, while the benchmark Brent crude futures plunged 4.2% to \$70.42 per barrel, extending Friday's 2% decline.
- ❖ The Indian rupee recouped opening losses to end higher against the U.S. currency, aided by foreign banks' profit taking on dollar long positions and exporter hedging. The rupee ended at 75.91 compared with 76.09 in the previous session. The unit had briefly slipped to an intraday low of 76.15 earlier in the session. Last week, it had dropped to a year-to-date low of 76.32.
- ❖ Repo: The weighted average call rates in the interbank segment decreased to 3.39% vs 3.66% as on previous day, while that in the TREP segment decreased to 3.47% vs 3.61% as on previous day.

| GOI Yield | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|-----------|--------|--------|--------|--------|
| 1 Year | 4.170 | 4.170 | 4.030 | 4.070 |
| 5 Year | 5.760 | 5.722 | 5.695 | 5.688 |
| 10 Year | 6.435 | 6.410 | 6.344 | 6.351 |

| AAA Bmk | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|---------|--------|--------|--------|--------|
| 1 Year | 4.60 | 4.45 | 4.35 | 4.35 |
| 5 Year | 6.10 | 5.98 | 6.00 | 6.00 |
| 10 Year | 6.90 | 6.80 | 6.87 | 6.87 |

| CD | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|---------|--------|--------|--------|--------|
| 3 Month | 3.65 | 3.65 | 3.65 | 3.65 |
| 6 Month | 3.95 | 3.95 | 3.95 | 3.95 |
| 1 Year | 4.40 | 4.40 | 4.15 | 4.15 |

| CP | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|---------|--------|--------|--------|--------|
| 3 Month | 4.30 | 4.30 | 4.05 | 4.20 |
| 6 Month | 4.75 | 4.75 | 4.58 | 4.60 |
| 1 Year | 4.90 | 4.90 | 4.85 | 4.90 |

| OIS Rate | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|----------|--------|--------|--------|--------|
| 1 Year | 4.32 | 4.29 | 4.35 | 4.33 |
| 2 Year | 4.81 | 4.78 | 4.92 | 4.84 |
| 3 Year | 5.06 | 5.06 | 5.21 | 5.14 |
| 5 Year | 5.32 | 5.34 | 5.49 | 5.45 |

| | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|------------|--------|--------|--------|--------|
| Sensex | 55,822 | 57,012 | 60,719 | 58,466 |
| Nifty | 16,614 | 16,985 | 18,109 | 17,417 |
| USD/INR | 75.91 | 76.09 | 74.48 | 74.40 |
| Gold (USD) | 1,795 | 1,798 | 1,862 | 1,805 |
| Oil (USD) | 71.47 | 73.52 | 82.05 | 79.70 |

| NDF | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|---------|--------|--------|--------|--------|
| 3 Month | 76.64 | 76.76 | 75.08 | 75.21 |
| 1 Year | 79.36 | 79.55 | 77.85 | 78.00 |
| 2 Year | 82.92 | 83.17 | 81.46 | 81.35 |
| 3 Year | 86.88 | 86.99 | 85.34 | 85.35 |

Market Observations

G-sec

- Yields rose, with the 10-year yield ending at its highest level in 20 months, after the central bank withdrew liquidity through a surprise reverse repo auction today.
- Activity was dull across the segment.

Corporate Bonds

- Activity was witnessed across 2-5 year segments.

CP

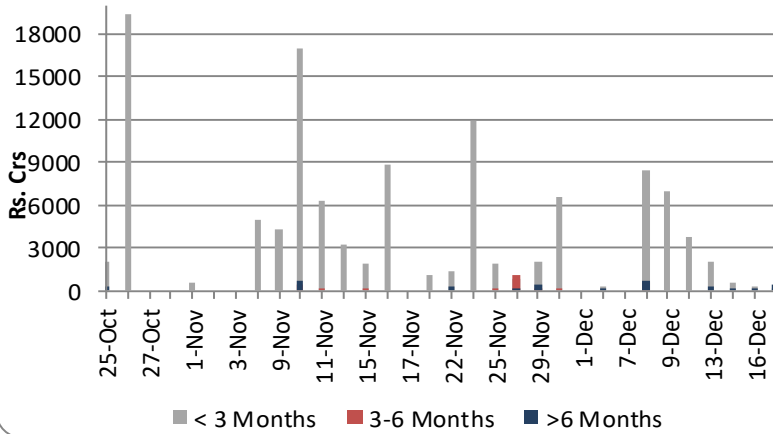
- Volumes of about Rs. 7700 Cr was traded in the 1-3 month segment.

CD

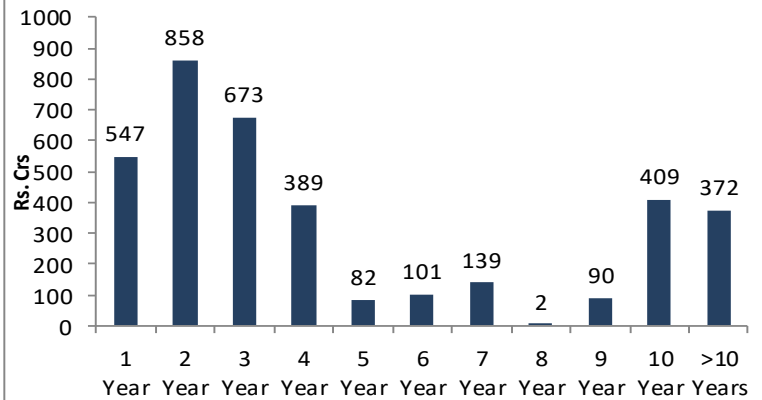
- The 3 month maturity papers were in demand.



CP Primary Volume



Bonds Volume



| 10 Year Benchmarks | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|--------------------|--------|--------|--------|--------|
| India | 6.44 | 6.41 | 6.34 | 6.35 |
| US | 1.39 | 1.41 | 1.62 | 1.63 |
| South Korea | 2.11 | 2.15 | 2.30 | 2.39 |
| Russia | 8.38 | 8.42 | 8.20 | 8.60 |
| Brazil | 10.81 | 10.81 | 11.58 | 11.86 |
| Germany | -0.38 | -0.38 | -0.25 | -0.30 |
| China | 2.86 | 2.86 | 2.93 | 2.92 |

| Top Traded Securities | Volume | 20-Dec | 17-Dec | 15-Nov | 22-Nov |
|-----------------------|--------|--------|--------|--------|--------|
| 5.15 GOI 2025 | 6,885 | 5.58 | 5.54 | 5.43 | 5.43 |
| 5.63 GOI 2026 | 425 | 5.76 | 5.72 | 5.69 | 5.69 |
| 5.74 GOI 2026 | 11,065 | 5.80 | 5.76 | 5.75 | 5.73 |
| 6.10 GOI 2031 | 560 | 6.44 | 6.41 | 6.34 | 6.35 |
| 6.64 GOI 2035 | - | 6.84 | 6.80 | 6.78 | 6.77 |
| 6.67 GOI 2035 | 90 | 6.83 | 6.80 | 6.76 | 6.76 |

| DEBT | | | |
|----------|----------------|-------------|----------------|
| MF | Gross Purchase | Gross Sales | Net Investment |
| 8-Dec-21 | 4674 | 3760 | 915 |

| EQUITY | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 9485 | 6341 | 3144 |

| TOTAL (Rs.Crs) | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 14159 | 10100 | 4059 |

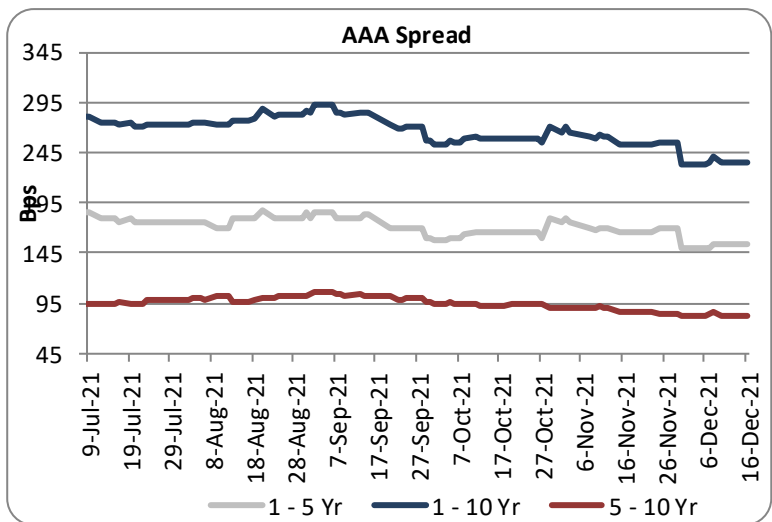
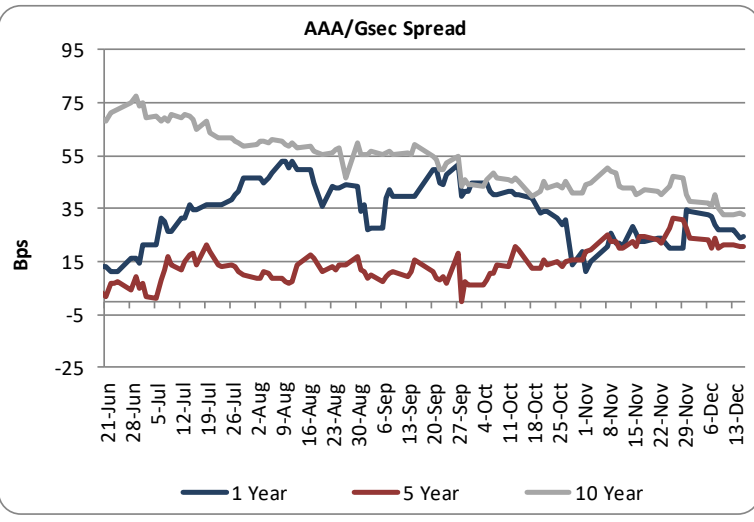
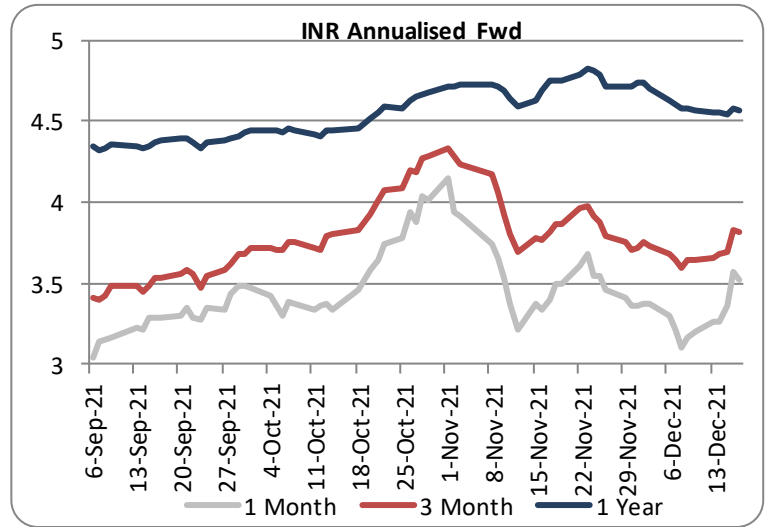
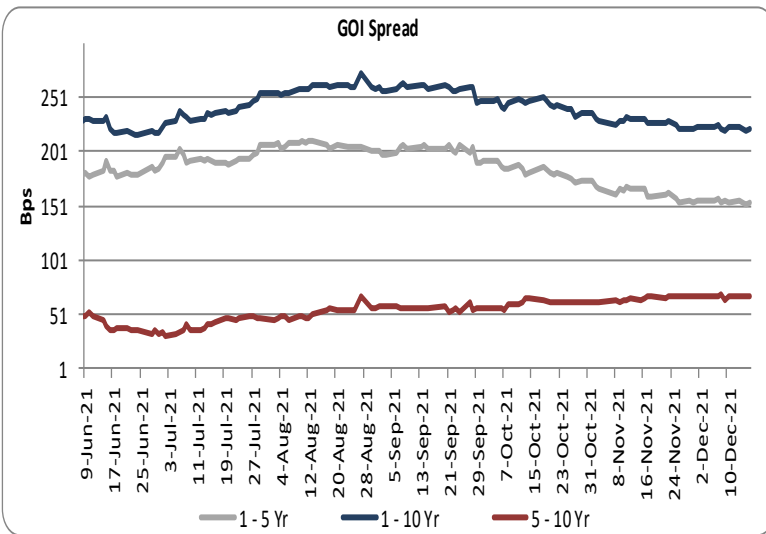
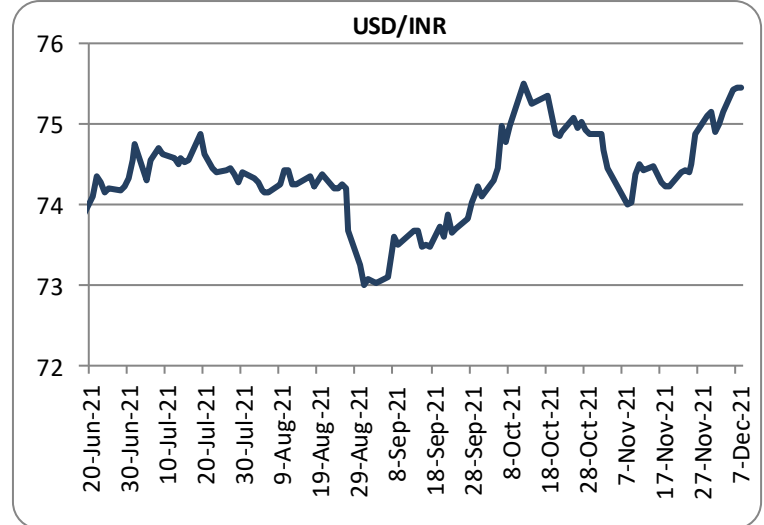
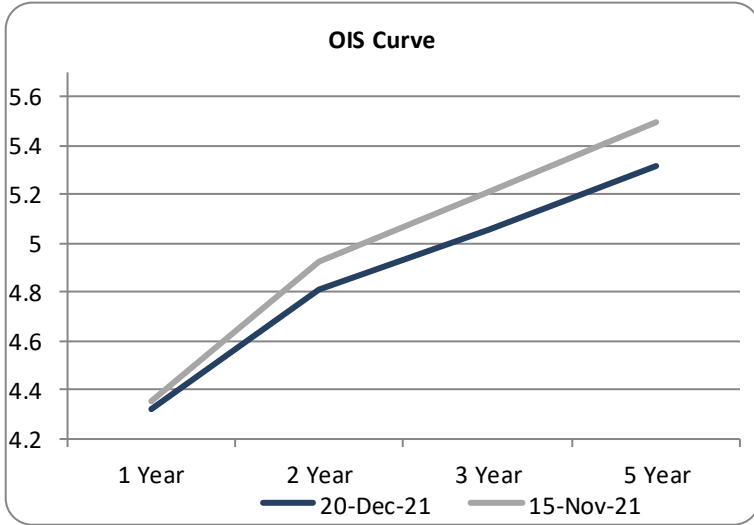
| DEBT | | | |
|-----------|----------------|-------------|----------------|
| FII | Gross Purchase | Gross Sales | Net Investment |
| 20-Dec-21 | 811 | 745 | 65 |

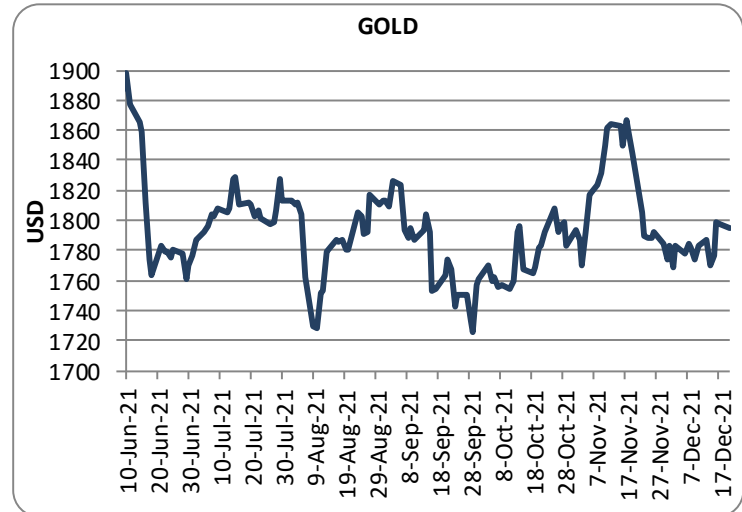
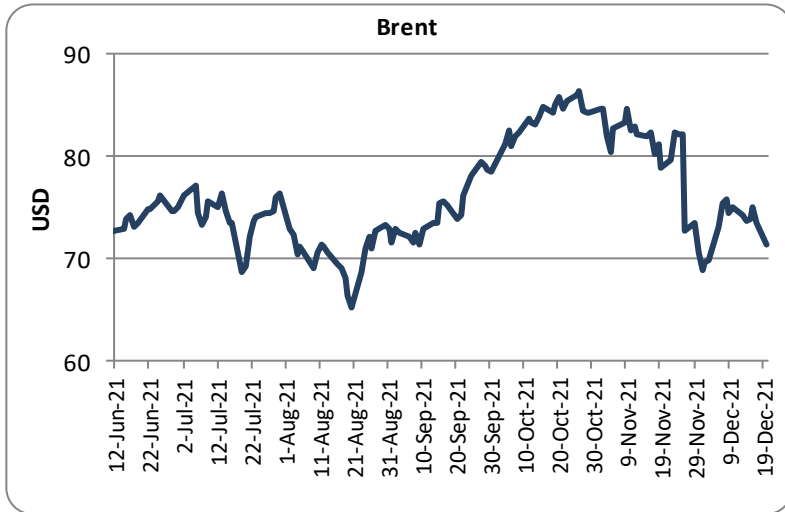
| EQUITY | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 13936 | 14776 | -840 |

| TOTAL (Rs. Crs) | | |
|-----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 14747 | 15521 | -775 |

| INDICATORS | PERIOD | ACTUAL | PRIOR |
|-----------------------|--------|--------|-------|
| GDP Quaterly (%) | Sep-21 | 8.4 | 20.1 |
| CAD (\$ Bn) | Jun-21 | 6.5 | -8.1 |
| Trade Deficit (\$ Bn) | Jun-21 | -30.7 | -41.7 |
| WPI (%) | Nov-21 | 14.2 | 12.5 |
| CPI (%) | Nov-21 | 4.9 | 4.5 |
| IIP (%) | Oct-21 | 3.2 | 3.3 |
| PMI Manufacturing | Nov-21 | 57.6 | 55.9 |
| PMI Service | Nov-21 | 58.1 | 58.4 |

| Economic Calender | Country | Date | Poll | Prior |
|-------------------|---------|-----------|-------|--------|
| Exports | Japan | 16-Dec-21 | 21.20 | 9.40 |
| Imports | Japan | 16-Dec-21 | 40.00 | 26.70 |
| Retail Sales | UK | 17-Dec-21 | 4.20 | (1.30) |
| GDP | UK | 22-Dec-21 | - | 6.60 |
| GDP Final | USA | 22-Dec-21 | 2.10 | 2.10 |
| CPI | Japan | 24-Dec-21 | - | 0.10 |
| Retail Sales | Japan | 27-Dec-21 | - | 0.90 |
| Unemployment Rate | Japan | 28-Dec-21 | - | 2.70 |





Sources: Reserve Bank of India, Bloomberg, Reuters, CCIL and FIMMDA.

LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/ solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith. For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

Visit our website - <http://www.lkpsec.com/>