



BONDWATCH

INDIA

Daily

August 01, 2023

Indian government bond yields ended lower for the first time in four sessions on Tuesday, on value buying and as receiving in overnight index swap rates also aided sentiment.

The benchmark 7.26% 2033 bond yield ended at 7.1600%, after gaining seven basis points in three sessions to close at 7.1746% on Monday.

The easing of Treasury yields since the U.S. 10-year paper topped 4% is giving local bond investors some confidence.

The Federal Reserve has raised rates by 525 basis points since March 2022 and signaled one more hike. However, the odds of a hike in September are just around 20%. Bets that U.S. rates may remain higher for longer may curb a further rally in bond prices.

Market participants are expecting local inflation to climb which might prompt the Reserve Bank of India (RBI) to take a hawkish stance in its monetary policy review.

India's retail inflation jumped to 4.81% in June and, economists estimate, topped 6% in July, breaching the upper end of the RBI's medium-term target.

The RBI will hold its key interest rate at 6.50% through end of March 2024, who pushed back their expectations for the first rate cut to the second quarter of 2024 from the first quarter in a June survey.

The Indian rupee weakened 0.01% versus the U.S. dollar, and quoted at 82.2550 per dollar after being held in a narrow range through the session amid lack of fresh triggers with traders awaiting key data in the U.S. later this week for fresh cues.

Repo: The weighted average call rates in the interbank segment decreased to 6.39% vs 6.52% as on the previous day while that the TREP segment decreased to 6.27% vs 6.37% as on the previous day.

GOI Yield	1-Aug	31-Jul	25-Jul	3-Jul
1 Year	6.883	6.880	6.863	6.820
5 Year	7.143	7.161	7.094	7.094
10 Year	7.160	7.175	7.103	7.119

AAA Bmk	1-Aug	31-Jul	25-Jul	3-Jul
1 Year	7.35	7.35	7.35	7.45
5 Year	7.60	7.60	7.55	7.59
10 Year	7.52	7.52	7.53	7.52

CD	1-Aug	31-Jul	25-Jul	3-Jul
3 Month	6.95	6.95	6.95	6.95
6 Month	7.20	7.20	7.15	7.20
1 Year	7.50	7.50	7.45	7.55

CP	1-Aug	31-Jul	25-Jul	3-Jul
3 Month	7.05	7.05	7.10	7.10
6 Month	7.30	7.30	7.28	7.30
1 Year	7.60	7.60	7.55	7.65

OIS Rate	1-Aug	31-Jul	25-Jul	3-Jul
1 Year	6.83	6.86	6.82	6.75
2 Year	6.59	6.62	6.54	6.46
3 Year	6.52	6.55	6.43	6.38
5 Year	6.46	6.51	6.36	6.33

	1-Aug	31-Jul	25-Jul	3-Jul
Sensex	66,459	66,528	66,356	65,205
Nifty	19,734	19,754	19,681	19,323
USD/INR	82.26	82.25	81.87	81.96
Gold (USD)	1,955	1,964	1,965	1,921
Oil (USD)	85.13	85.56	83.64	74.65

NDF	1-Aug	31-Jul	25-Jul	3-Jul
3 Month	82.49	82.48	82.12	82.22
1 Year	83.55	83.57	83.30	83.28
2 Year	85.76	85.69	85.32	85.24
3 Year	88.50	88.36	87.97	87.89

Market Observations

G-sec

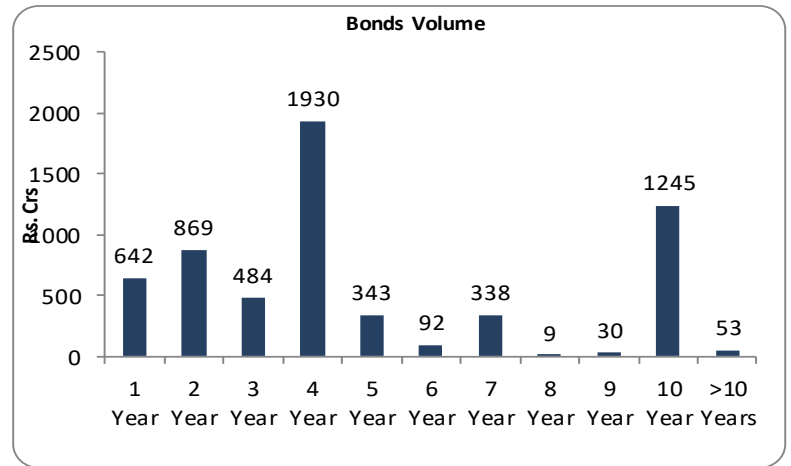
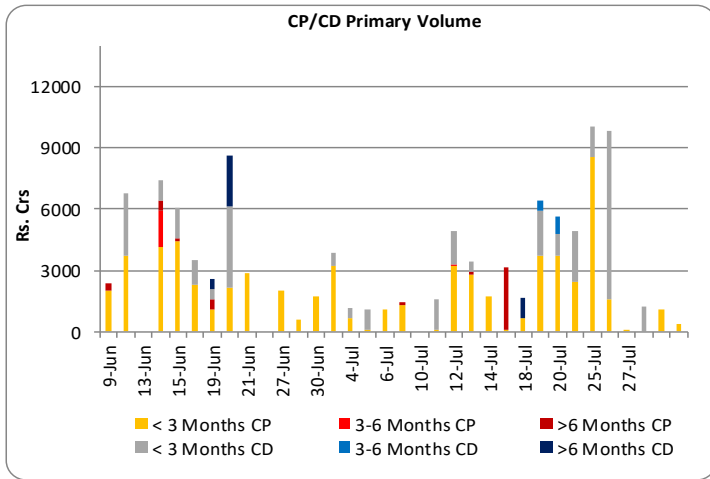
- SDL cut off was in line with market expectations.
- Demand was seen in 1-year SDLs by Mutual Funds @7.10 levels.
- Selling was seen in 2030-2033 maturity SDLs by life insurance and PF's.

Corporate Bonds

- Mutual funds were seen buying 2025-26 segment papers.
- Activity was seen in the 5-year segment by market participants.

CP/CD

- Major activity was seen in the 1-month and 3-month segment.



10 Year Benchmarks	1-Aug	31-Jul	25-Jul	3-Jul
India	7.16	7.17	7.10	7.12
US	3.98	3.96	3.91	3.86
South Korea	3.72	3.76	3.68	3.62
Russia	11.52	11.50	11.43	11.17
Brazil	10.92	10.86	10.80	10.59
Germany	2.48	2.47	2.40	2.43
China	2.69	2.70	2.70	2.69

Top Traded Securities	Volume	1-Aug	31-Jul	25-Jul	3-Jul
5.74 2026	215	7.11	7.15	7.08	7.08
7.38 2027	-	7.14	7.16	7.09	7.09
7.10 2029	-	7.16	7.19	7.12	7.12
6.54 2032	-	7.18	7.20	7.14	7.17
7.26 2032	#VALUE!	7.18	7.21	7.14	7.16
7.54 2036	-	7.25	7.27	7.21	7.24

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
13-Jul-23	3129	3066	63

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
13-Jul-23	2563	2128	435

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
13-Jul-23	5691	5193	498

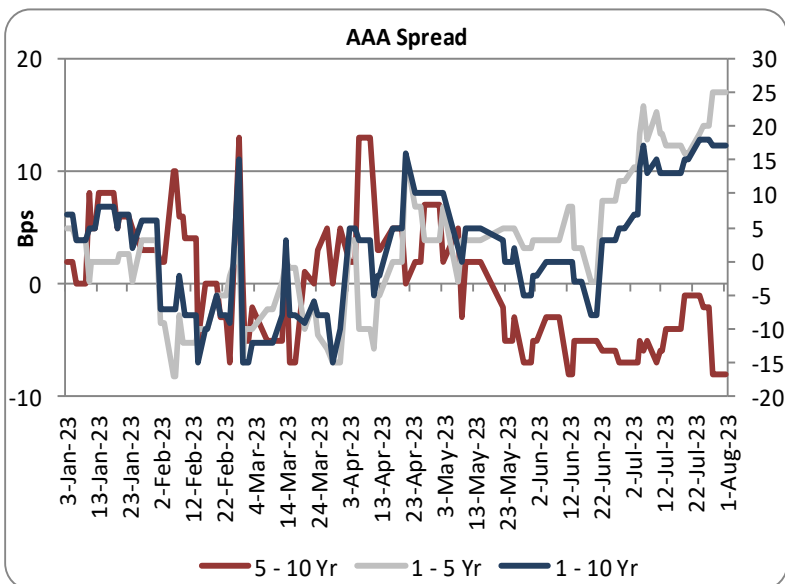
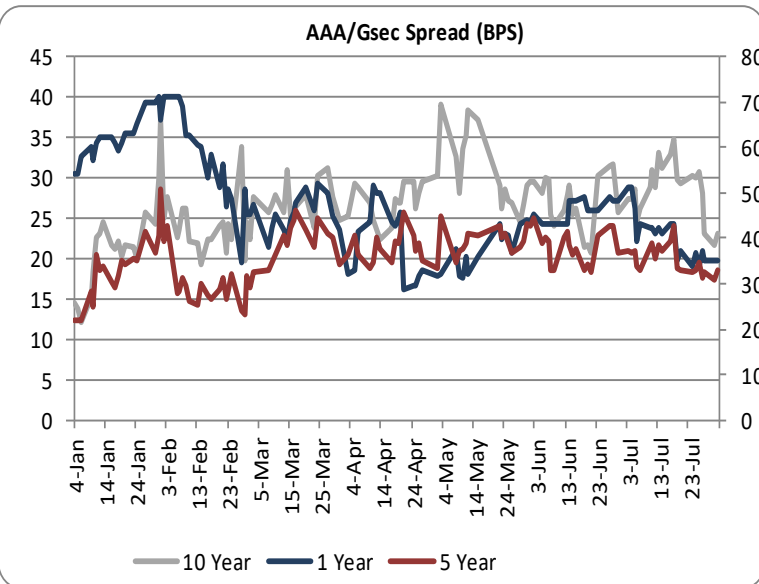
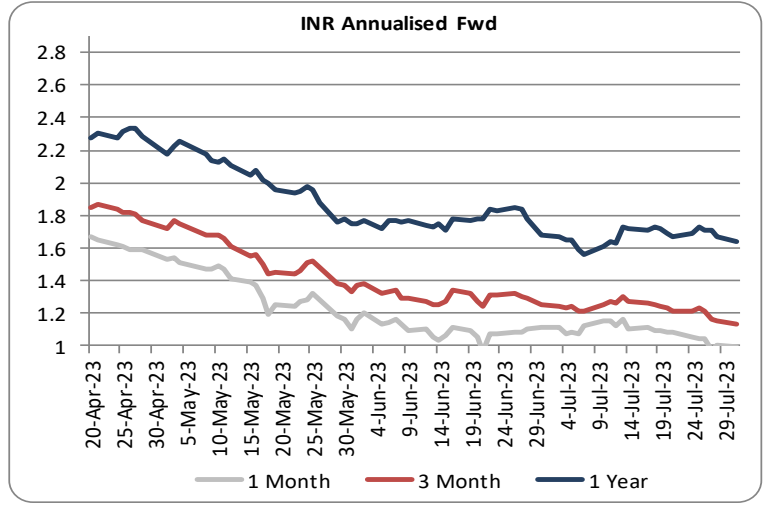
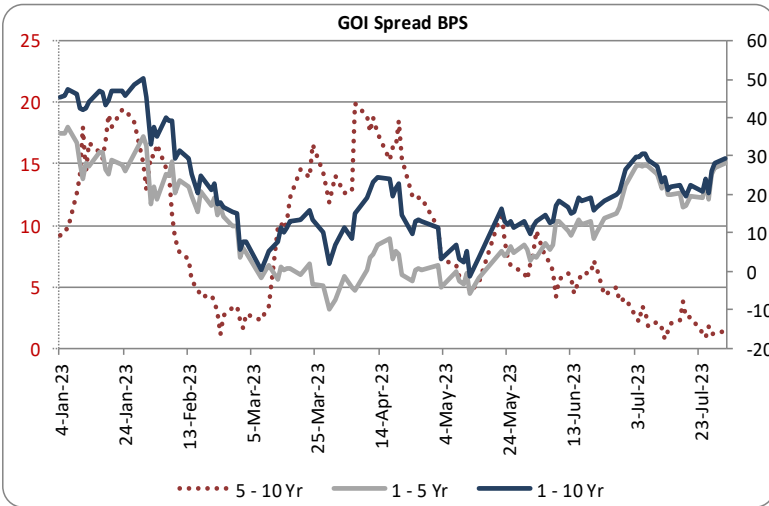
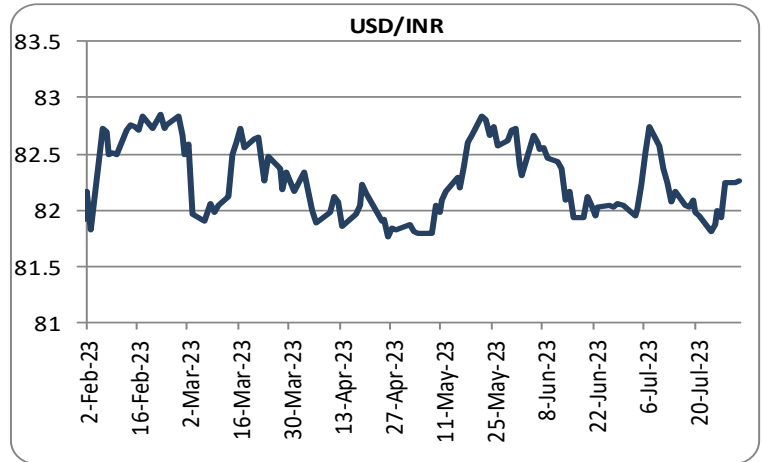
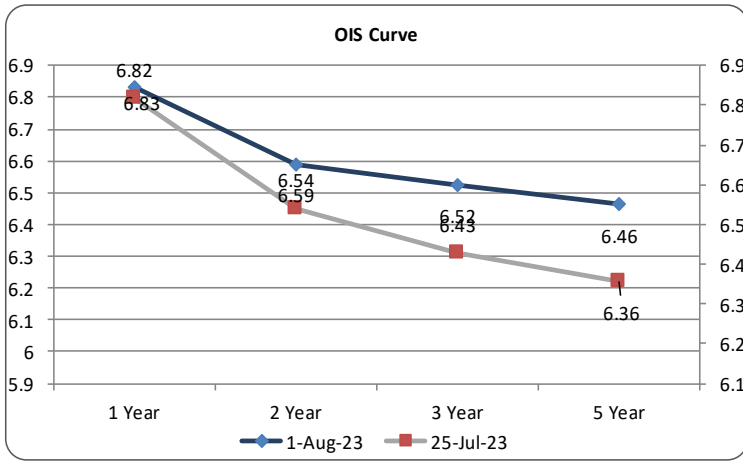
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
1-Aug-23	737	479	258

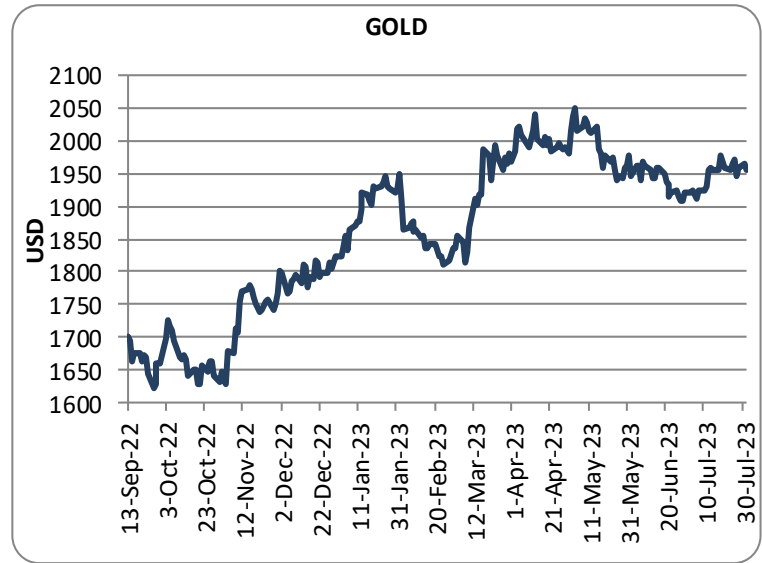
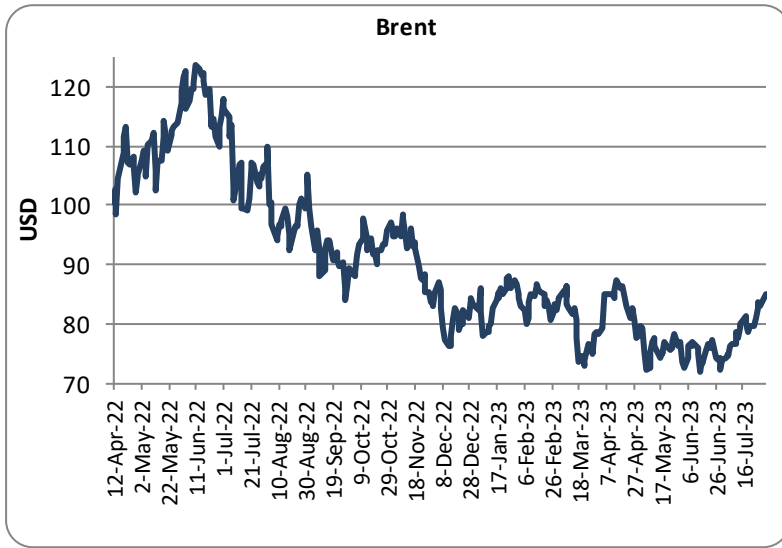
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
1-Aug-23	12014	12789	-774

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
1-Aug-23	12751	13268	-517

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Japan	1-Aug-23	2.5	2.6
Unemployment Rate	Euro Zone	01-Aug-23	6.50	6.50
CPI	Switzerland	03-Aug-23	1.60	1.70
BOE Bank Rate	UK	03-Aug-23	5.25	5.00
Unemployment Rate	USA	04-Aug-23	3.60	3.60
GDP	Indonesia	08-Aug-23	-	5.03
Exports	China	08-Aug-23	-	(12.40)
Imports	China	08-Aug-23	-	(6.80)





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

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