



## INDIA

- ❖ The new benchmark 6.54% bond maturing in 2032 ended at 97.94 rupees, yielding 6.83%, the highest for the 10-year bond yield since Jul. 3, 2019 and against 98.96 rupees and a yield of 6.68% yesterday. The yield posted its biggest single session rise since May 11, 2020.
- ❖ India's government will gross borrow a record 14.95 trillion rupees (\$200 billion) through bonds in the next fiscal year that starts Apr. 1 to bridge a budget deficit of 6.4% of gross domestic product, Finance Minister Nirmala Sitharaman said today. The government has resorted to elevated borrowings for two consecutive years now to tide over a revenue shortfall.
- ❖ The Govt. aims to lower the budget deficit from a revised fiscal gap of 6.9% of gross domestic product this fiscal, which is slightly higher than this year's budget estimate of 6.8%. Sitharaman said the budget deficit target is consistent with the federal government's intention to adhere to medium-term fiscal consolidation that seeks to narrow the budget gap to below 4.5% by the fiscal year ending Mar. 31, 2026.
- ❖ The next fiscal year's net borrowing will be 11.19 trillion rupees after adjusting for bond maturity and interest payments, according to budget documents. Govt. seeks to switch one trillion rupees of bonds in the next fiscal year, according to budget documents.
- ❖ The government will also issue sovereign green bonds as part of overall gross borrowing, that is sharply higher than market estimates.
- ❖ The government will gross borrow 10.47 trillion rupees through bonds in the current financial year. The Govt. had transferred 1.59 trillion rupees from its fiscal first-half borrowing to states for GST compensation cess.
- ❖ The rupee ended at 74.79 per dollar compared with 74.61 yesterday. Prior to the unveiling of the budget, the rupee had risen to an intraday high of 74.42.
- ❖ Repo: The weighted average call rates in the interbank segment increased to 3.25 vs 3.22% as on previous day while that in the TREP segment increased to 3.39 % vs 3.17 % as on previous day.

GOI Yield	1-Feb	31-Jan	24-Jan	4-Jan
1 Year	4.550	4.480	4.470	4.230
5 Year	6.131	6.030	6.072	5.850
10 Year	6.846	6.684	6.659	6.517

AAA Bmk	1-Feb	31-Jan	24-Jan	4-Jan
1 Year	4.90	4.80	4.80	4.78
5 Year	6.40	6.30	6.25	6.22
10 Year	7.18	7.12	7.10	6.95

CD	1-Feb	31-Jan	24-Jan	4-Jan
3 Month	3.95	3.95	3.80	3.55
6 Month	4.15	4.15	4.00	4.00
1 Year	4.80	4.80	4.65	4.55

CP	1-Feb	31-Jan	24-Jan	4-Jan
3 Month	4.22	4.22	4.07	3.90
6 Month	4.82	4.82	4.67	4.50
1 Year	5.23	5.23	5.08	4.95

OIS Rate	1-Feb	31-Jan	24-Jan	4-Jan
1 Year	4.51	4.49	4.43	4.38
2 Year	5.07	5.05	4.96	4.92
3 Year	5.44	5.39	5.28	5.24
5 Year	5.76	5.70	5.61	5.51

### Market Observations

#### G-sec

- Bond yields jumped, with the 10-year yield ending at its highest level in 31 months, as the announcement of a record borrowing in the budget for the next financial year and lack of commentary on inclusion of Indian bonds in global indices spooked investors. Yields also rose as the Finance Minister also announced green bonds which will be part of the overall market borrowing of 15 trillion rupees for the fiscal.

#### Corporate Bonds

- Major activity witnessed across all maturities of the yield curve.

#### CP

- Demand was seen in the 1-2 month segments. Market traded in thin volumes with Mutual Funds turning to the selling side post budget announcement.

#### CD

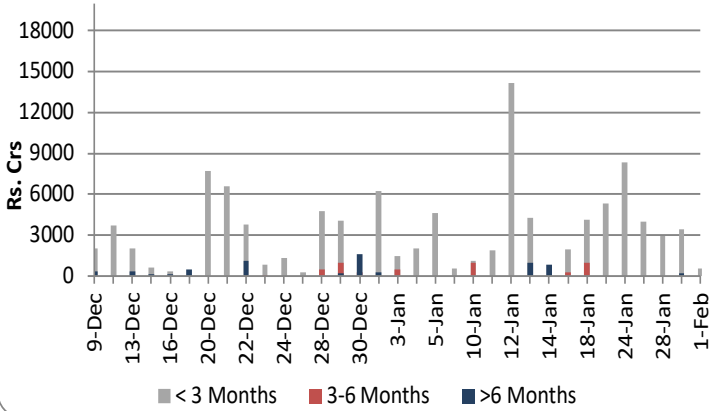
- Shorter maturity segments of 1-2month seen some demand.

	1-Feb	31-Jan	24-Jan	4-Jan
Sensex	58,863	58,014	57,492	59,856
Nifty	17,577	17,340	17,149	17,805
USD/INR	74.79	74.61	74.56	74.55
Gold (USD)	1,807	1,796	1,843	1,815
Oil (USD)	88.86	91.21	86.27	80.00

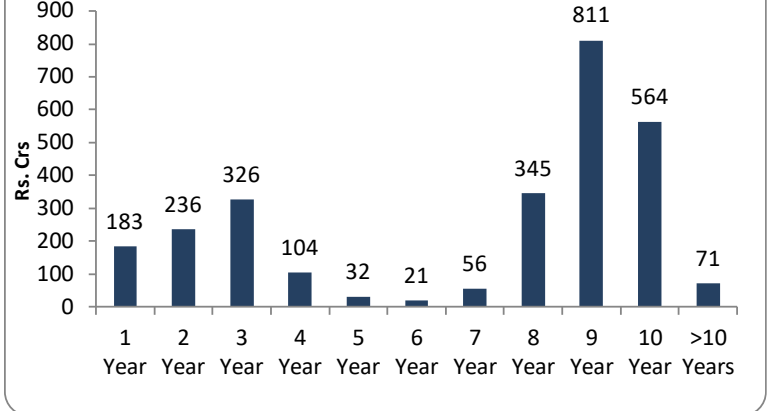
NDF	1-Feb	31-Jan	24-Jan	4-Jan
3 Month	75.65	75.40	75.20	75.35
1 Year	78.17	77.87	77.93	77.91
2 Year	81.11	81.17	81.26	81.57
3 Year	85.44	85.15	85.33	85.29



**CP Primary Volume**



**Bonds Volume**



10 Year Benchmarks	1-Feb	31-Jan	24-Jan	4-Jan
India	6.83	6.68	6.65	6.52
US	1.74	1.78	1.78	1.65
South Korea	2.59	2.59	2.54	2.31
Russia	9.41	9.44	9.75	8.37
Brazil	11.36	11.08	11.54	11.30
Germany	-0.01	0.01	-0.10	-0.13
China	2.72	2.72	2.69	2.79

Top Traded Securities	Volume	1-Feb	31-Jan	24-Jan	4-Jan
5.15 GOI 2025	3035	5.90	#N/A	#N/A	5.71
5.63 GOI 2026	685	6.00	5.89	5.94	5.85
5.74 GOI 2026	13700	6.13	6.03	6.07	5.94
6.10 GOI 2031	300	6.85	6.68	6.66	6.52
6.64 GOI 2035	0	7.26	7.11	7.11	6.99
6.67 GOI 2035	5	7.26	7.11	7.11	6.98

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
25-Jan-22	7069	3761	3309

EQUITY		
Gross Purchase	Gross Sales	Net Investment
5910	5832	78

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
12980	9593	3387

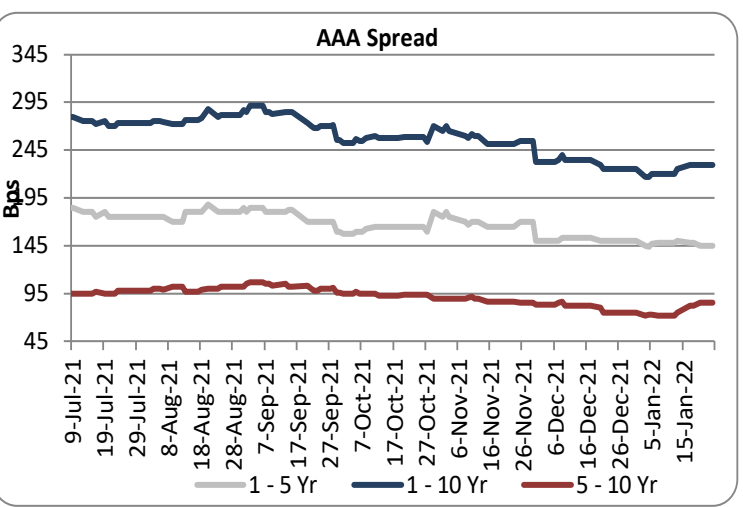
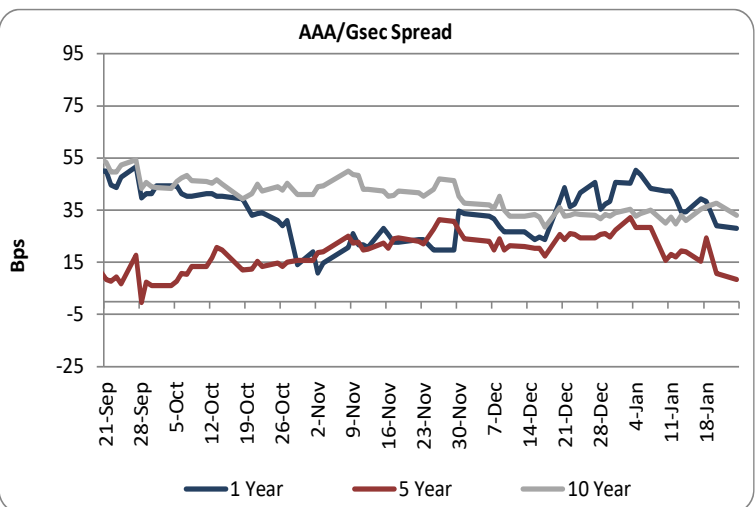
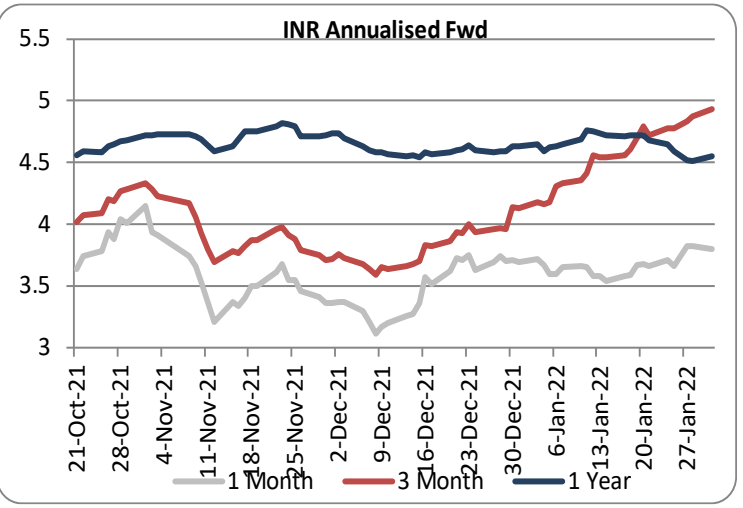
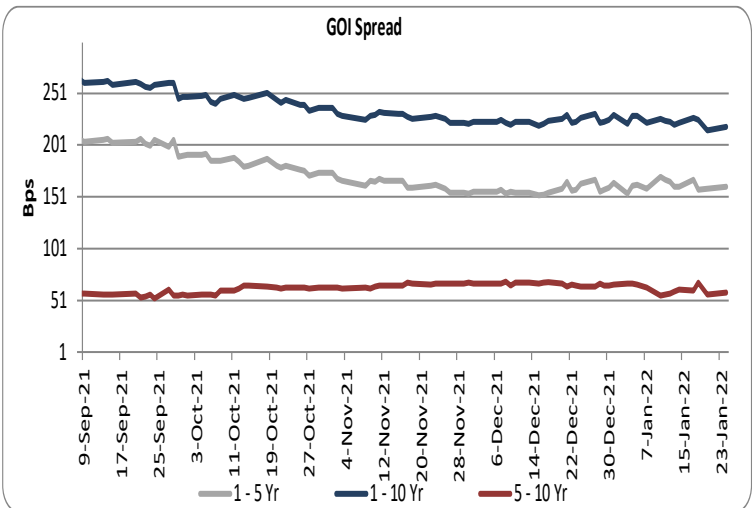
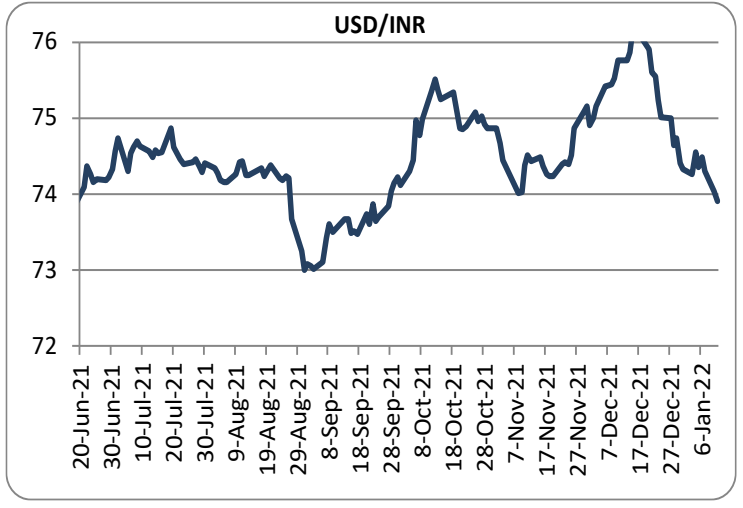
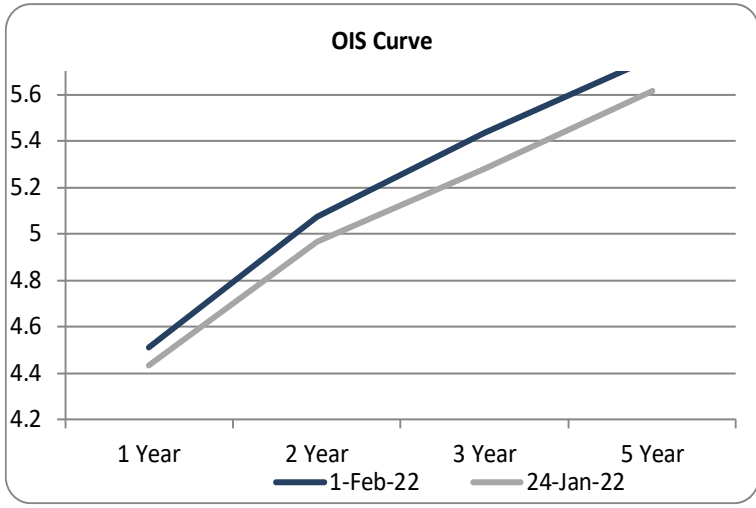
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
1-Feb-22	206	524	-318

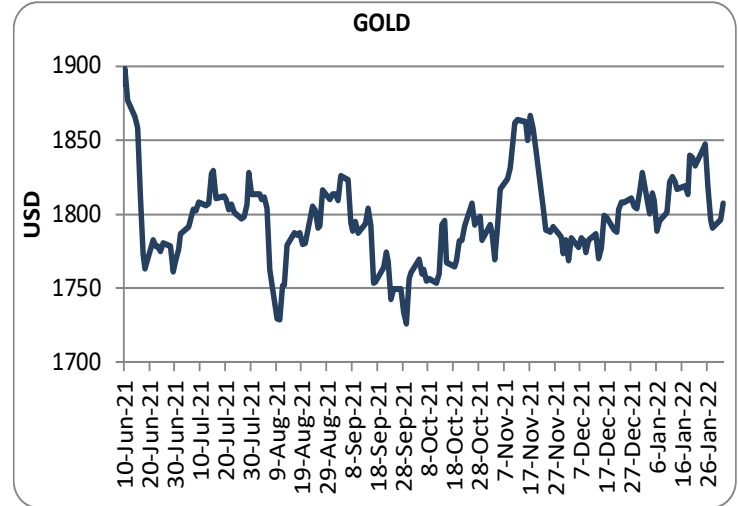
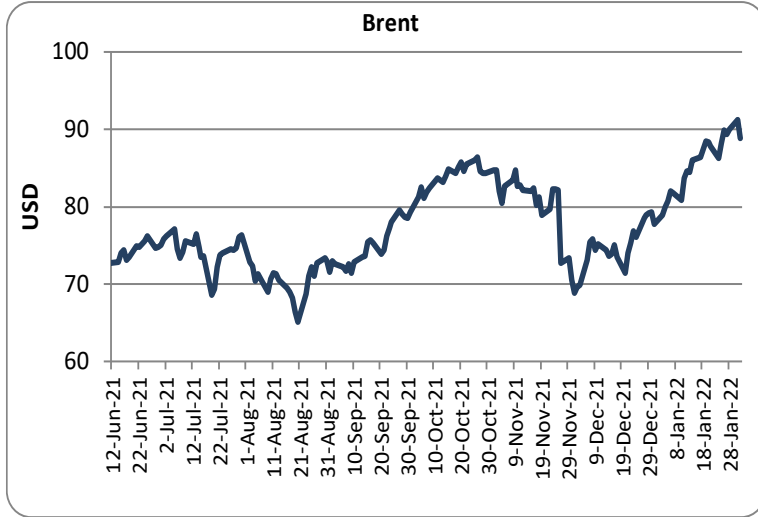
EQUITY		
Gross Purchase	Gross Sales	Net Investment
8312	10349	-2037

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
8518	10873	-2355

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-21	8.4	20.1
CAD (\$ Bn)	Sep-21	-9.6	6.6
Trade Deficit (\$ Bn)	Sep-21	-44.4	-30.7
WPI (%)	Dec-21	13.6	14.2
CPI (%)	Dec-21	5.6	4.9
IIP (%)	Nov-21	1.4	3.2
PMI Manufacturing	Jan-22	54	55.5
PMI Service	Dec-21	55.5	58.1

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Japan	01-Feb-22	2.80	2.80
Industrial Output	Brazil	01-Feb-22	(6.00)	(4.40)
Bank Rate	UK	03-Feb-22	0.50	0.25
CPI	Phillippines	03-Feb-22	3.10	3.60
Unemployment Rate	US	04-Feb-22	3.90	3.90
Repo	India	09-Feb-22	-	4.00
Reverse Repo	India	09-Feb-22	-	3.35
CRR	India	09-Feb-22	-	4.00





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

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