



BONDWATCH

Daily

INDIA

August 02, 2023

Indian government bond yields ended largely unchanged on Wednesday, recovering through the day on value purchases after the recent rise in yields, after opening higher on the back of elevated U.S. peers.

The benchmark 7.26% 2033 bond yield ended at 7.1516%, compared to its previous close at 7.1600%.

U.S. yields rose on Tuesday as investors expected an increase in government debt issuance and more signs of economic resilience. The 10-year yield stayed above 4%, despite some pullback after Fitch Ratings downgraded the government's credit rating to AA+ from AAA.

Market participants will now focus on the Reserve Bank of India's (RBI) monetary policy next week amid fears of a further increase in inflation in July, which could prompt the central bank to take a hawkish stance.

India's retail inflation jumped to 4.81% in June, after easing for four months. Economists estimate inflation topped 6% in July, breaching the upper end of the RBI's medium-term target.

RBI is likely to hold its key interest rate at 6.50% rather than resume tightening while the expectations for the first rate cut shifted to the second quarter of 2024 rather than the first quarter of 2024.

The Indian rupee weakened 0.39% versus the U.S. dollar, and quoted at 82.58 per dollar, dragged down by a weak risk appetite and dollar demand from importers.

Repo: The weighted average call rates in the interbank segment decreased to 6.34% vs 6.39% as on the previous day while that the TREP segment decreased to 6.25% vs 6.27% as on the previous day.

GOI Yield	2-Aug	1-Aug	26-Jul	4-Jul
1 Year	6.923	6.883	6.893	6.820
5 Year	7.128	7.143	7.079	7.096
10 Year	7.152	7.160	7.097	7.118

AAA Bmk	2-Aug	1-Aug	26-Jul	4-Jul
1 Year	7.35	7.35	7.35	7.45
5 Year	7.60	7.60	7.55	7.59
10 Year	7.55	7.52	7.53	7.52

CD	2-Aug	1-Aug	26-Jul	4-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	2-Aug	1-Aug	26-Jul	4-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	2-Aug	1-Aug	26-Jul	4-Jul
1 Year	6.84	6.83	6.81	6.74
2 Year	6.57	6.59	6.54	6.47
3 Year	6.49	6.52	6.43	6.39
5 Year	6.46	6.46	6.37	6.33

	2-Aug	1-Aug	26-Jul	4-Jul
Sensex	65,783	66,459	66,707	65,479
Nifty	19,527	19,734	19,778	19,389
USD/INR	82.58	82.26	82.00	82.02
Gold (USD)	1,952	1,944	1,972	1,925
Oil (USD)	85.52	84.91	82.92	76.25

NDF	2-Aug	1-Aug	26-Jul	4-Jul
3 Month	82.80	82.57	82.26	82.25
1 Year	83.77	83.60	83.34	83.23
2 Year	85.97	85.66	85.36	85.29
3 Year	88.88	88.32	88.01	87.94

Market Observations

G-sec

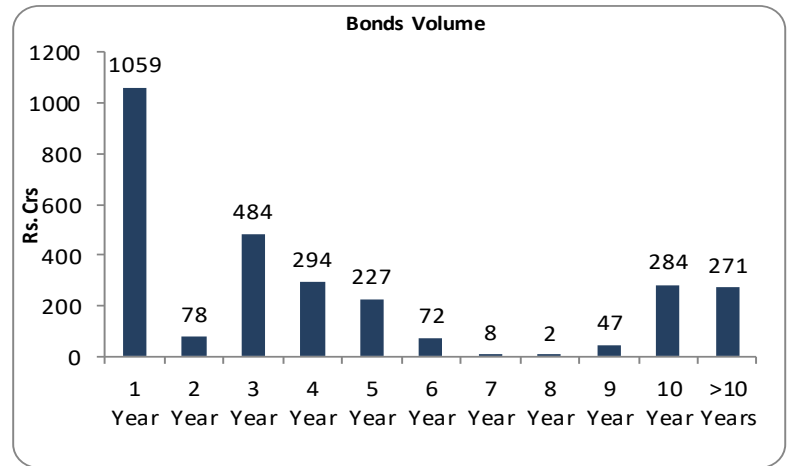
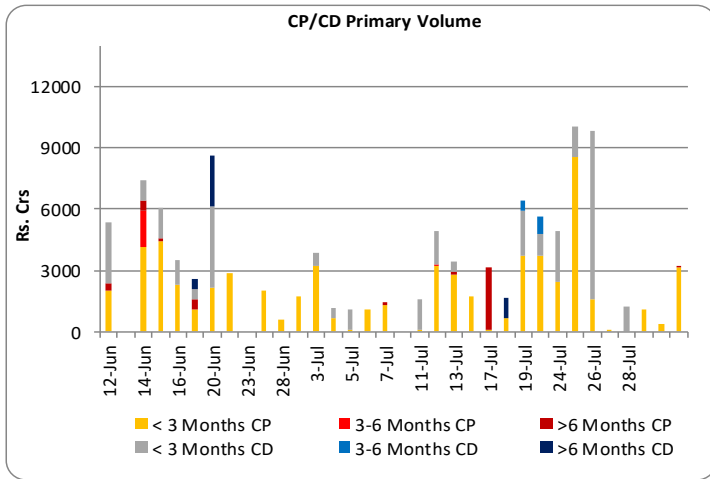
- Switches were reported in longer end G-sec in 2052 and 2053 papers.
- T-bill cut off was in line with market expectation in 3-month and 6-month maturity but around 2 bps higher in 1-year maturity.
- Heavy demand was seen in 3-month t-bill by mutual funds around 6.715 levels post cut off.

Corporate Bonds

- Mutual funds were active in the 2026 segment papers.
- Insurance companies were selling and pension funds were buying in the longer segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	2-Aug	1-Aug	26-Jul	4-Jul
India	7.16	7.16	7.10	7.12
US	4.02	4.05	3.85	3.86
South Korea	3.80	3.72	3.66	3.62
Russia	11.53	11.53	11.42	11.19
Brazil	10.90	10.86	10.83	10.69
Germany	2.47	2.52	2.46	2.46
China	2.70	2.69	2.68	2.71

Top Traded Securities	Volume	2-Aug	1-Aug	26-Jul	4-Jul
5.74 2026	-	7.12	7.11	7.06	7.08
7.38 2027	-	7.13	7.14	7.08	7.10
7.10 2029	-	7.16	7.16	7.11	7.12
6.54 2032	-	7.19	7.18	7.12	7.16
7.26 2032	#VALUE!	7.19	7.18	7.13	7.16
7.54 2036	-	7.26	7.25	7.20	7.25

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

EQUITY		
Gross Purchase	Gross Sales	Net Investment
2563	2128	435

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5691	5193	498

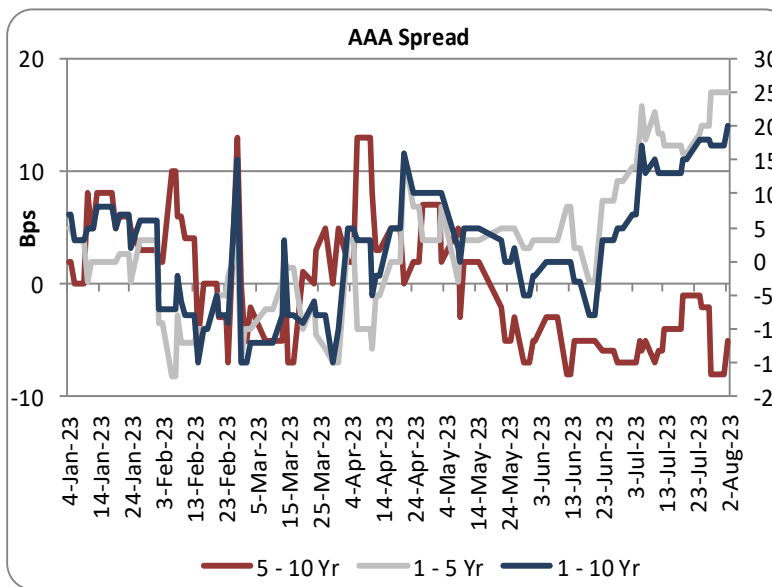
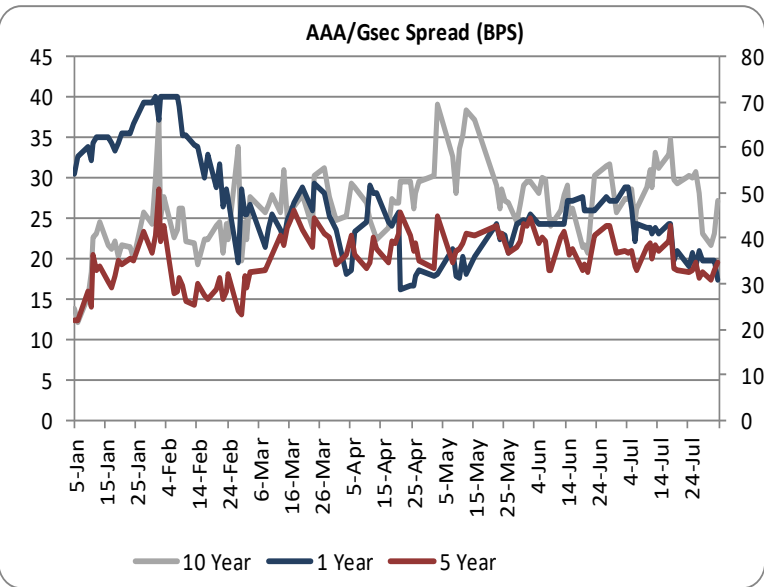
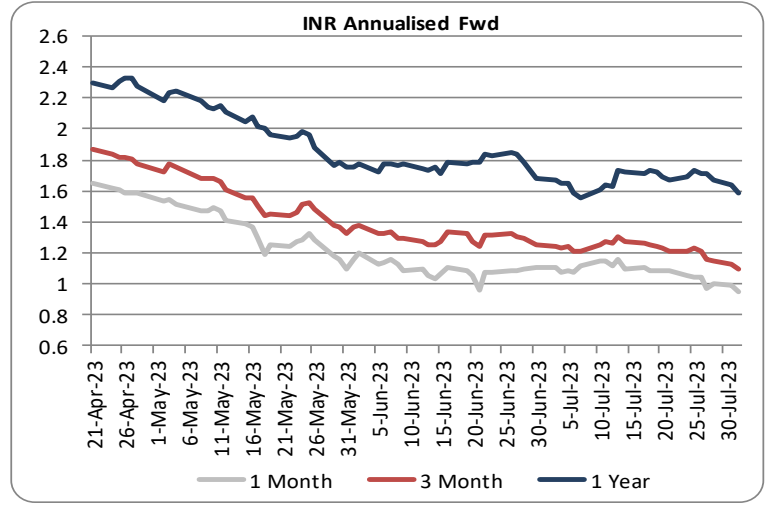
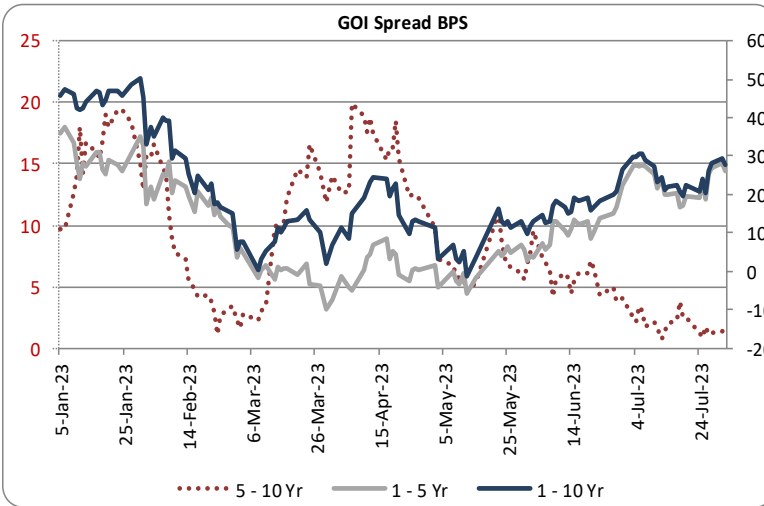
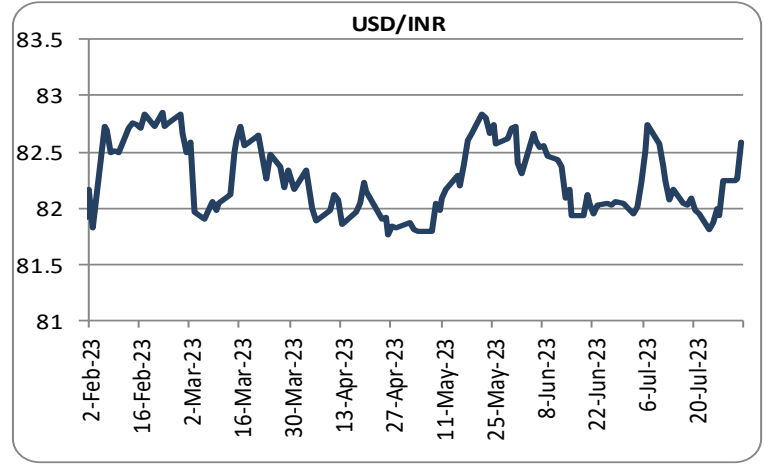
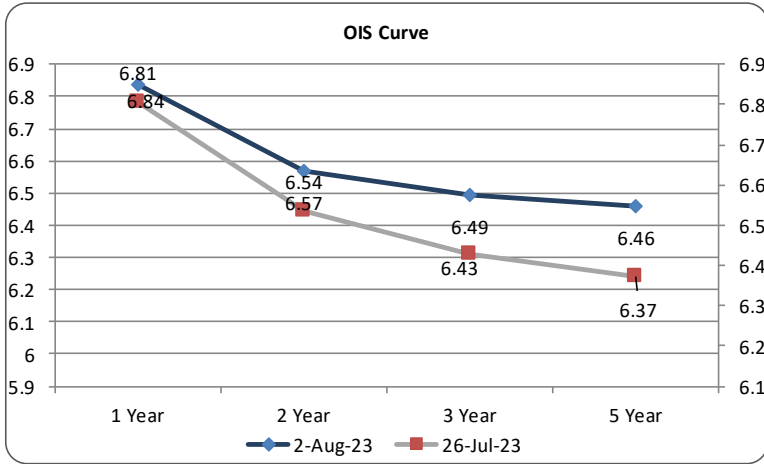
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
2-Aug-23	1349	304	1044

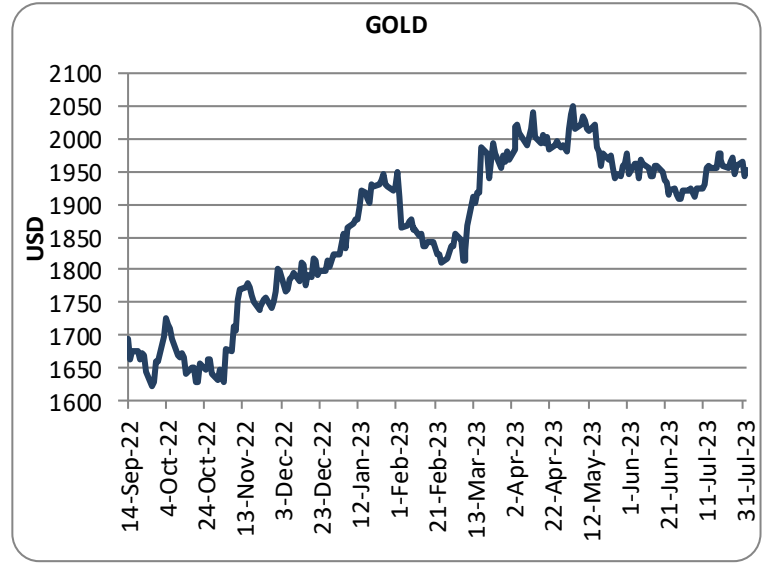
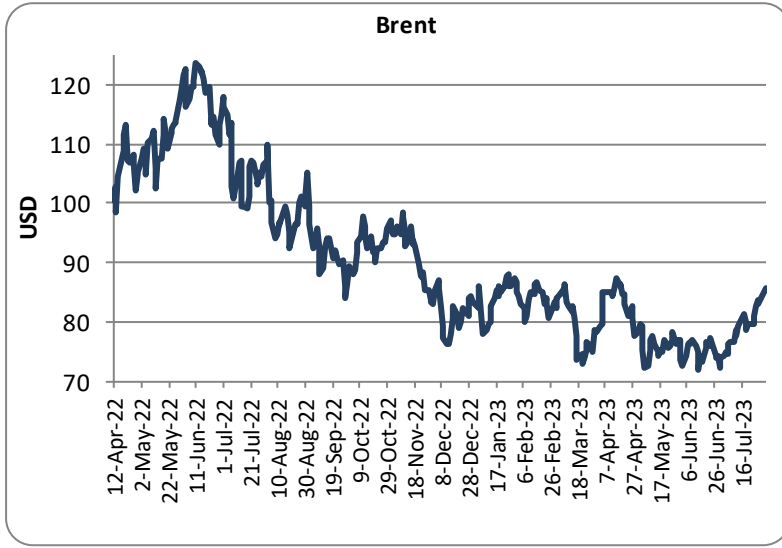
EQUITY		
Gross Purchase	Gross Sales	Net Investment
8703	8677	26

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
10052	8981	1070

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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