



BONDWATCH

Daily

INDIA

February 02, 2023

The benchmark 10-year yield ended at 7.2959% after closing at 7.2774% on Wednesday. The yield had eased by 12 basis points in last two sessions in the run-up to the federal budget.

India will sell 120 billion rupees (\$1.46 billion) of a new 10-year bond on Friday, which will replace the existing benchmark in the coming weeks.

Still, underlying sentiment remained positive after the government said it aimed gross borrowing of 15.43 trillion rupees through the sale of bonds in 2023-24, while keeping net borrowing at 11.81 trillion rupees.

Bonds yields had also eased in opening trades as the 10-year U.S. yield fell below 3.40% after the Fed raised interest rates by 25 basis points (bps) but provided guidance that was viewed as dovish by the market.

The Fed policy will be followed by the Reserve Bank of India's decision on Feb. 8, when it is widely expected to hike repo rate by 25 bps to 6.50%.

The Indian rupee weakened 0.31% versus the U.S. dollar, and quoted at 82.18 per dollar, shrugging off weakness in the dollar index, as concerns over a rout in the local equities bled into the currency market.

The benchmark BSE Sensex rose 225.76 points, or 0.38%, to 59,933.84, while the broader NSE index lost 10.4 points, or 0.06%, to 17,605.9, struggling for direction as the week-long rout in Adani Group stocks persisted, erasing \$100 billion in market value and hurting sentiment.

India's overnight call money rate was down 30 bps at 5.90% against 6.20% in the previous session. The overnight TREPS rate was at 6.05%, compared with the previous day's weighted average of 6.1387%.

Repo: The weighted average call rates in the interbank segment decreased to 6.10% vs 6.26% as on the previous day while that the TREP segment decreased to 6% vs 6.14% as on the previous day.

| GOI Yield | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|-----------|-------|-------|--------|-------|
| 1 Year | 6.920 | 6.940 | 6.890 | 6.870 |
| 5 Year | 7.140 | 7.115 | 7.152 | 7.231 |
| 10 Year | 7.296 | 7.272 | 7.345 | 7.327 |

| AAA Bmk | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|---------|-------|-------|--------|-------|
| 1 Year | 7.75 | 7.72 | 7.66 | 7.53 |
| 5 Year | 7.66 | 7.75 | 7.63 | 7.58 |
| 10 Year | 7.68 | 7.78 | 7.68 | 7.60 |

| CD | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|---------|-------|-------|--------|-------|
| 3 Month | 7.20 | 7.20 | 7.15 | 6.95 |
| 6 Month | 7.65 | 7.57 | 7.55 | 7.40 |
| 1 Year | 7.75 | 7.75 | 7.72 | 7.65 |

| CP | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|---------|-------|-------|--------|-------|
| 3 Month | 7.30 | 7.30 | 7.40 | 7.05 |
| 6 Month | 7.75 | 7.70 | 7.85 | 7.50 |
| 1 Year | 7.85 | 7.85 | 8.00 | 7.75 |

| OIS Rate | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|----------|-------|-------|--------|-------|
| 1 Year | 6.63 | 6.67 | 6.67 | 6.73 |
| 2 Year | 6.24 | 6.30 | 6.28 | 6.46 |
| 3 Year | 6.11 | 6.21 | 6.18 | 6.40 |
| 5 Year | 6.12 | 6.22 | 6.17 | 6.42 |

| | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|------------|--------|--------|--------|--------|
| Sensex | 59,932 | 59,708 | 60,979 | 60,353 |
| Nifty | 17,610 | 17,616 | 18,118 | 17,992 |
| USD/INR | 82.17 | 81.92 | 81.72 | 82.56 |
| Gold (USD) | 1,956 | 1,950 | 1,937 | 1,833 |
| Oil (USD) | 82.79 | 82.84 | 86.13 | 78.69 |

| NDF | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|---------|-------|-------|--------|-------|
| 3 Month | 82.71 | 82.25 | 82.12 | 83.16 |
| 1 Year | 84.04 | 83.66 | 83.54 | 84.45 |
| 2 Year | 86.06 | 85.81 | 85.38 | 86.47 |
| 3 Year | 89.08 | 88.60 | 88.40 | 89.02 |

Market Observations

G-sec

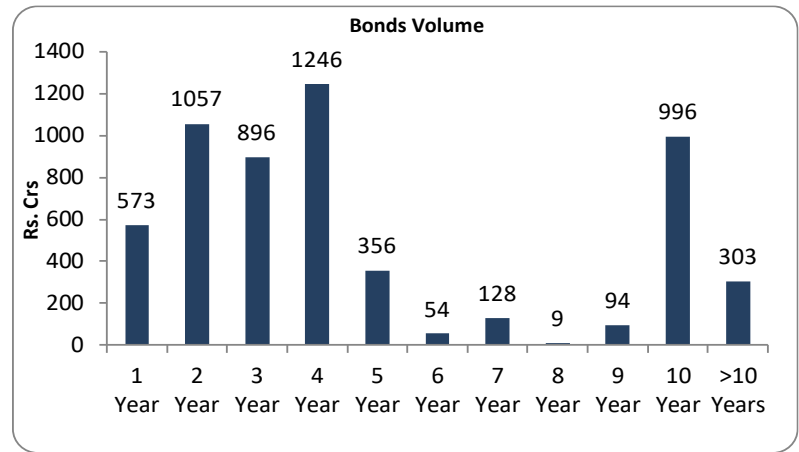
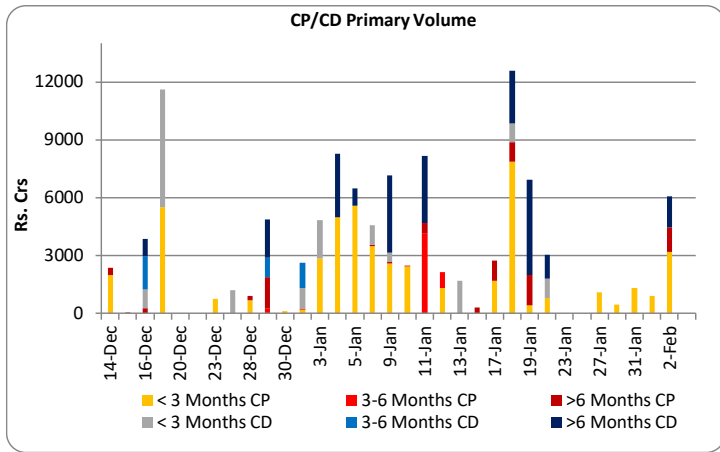
- Indian government bonds gave up the day's gains with yields ending higher on Thursday, as investors sold on profit after drops in the last two sessions.

Corporate Bonds

- Market volume seen with MFs most active
- The market opened on a lower note but closed higher tracking Gsec.
- 2023 bonds yields were flat.

CP/CD

- Major demand was witnessed in the 3-month to 1 yr maturity papers.



| 10 Year Benchmarks | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|--------------------|-------|-------|--------|-------|
| India | 7.30 | 7.28 | 7.35 | 7.33 |
| US | 3.41 | 3.40 | 3.47 | 3.72 |
| South Korea | 3.21 | 3.24 | 3.28 | 3.57 |
| Russia | 10.57 | 10.57 | 10.53 | 10.26 |
| Brazil | 13.17 | 13.17 | 13.18 | 13.03 |
| Germany | 2.24 | 2.29 | 2.16 | 2.31 |
| China | 2.94 | 2.94 | 2.99 | 2.87 |

| Top Traded Securities | Volume | 2-Feb | 1-Feb | 24-Jan | 5-Jan |
|-----------------------|--------|-------|-------|--------|-------|
| 5.74 2026 | 340 | 7.09 | 7.09 | 7.13 | 7.18 |
| 7.38 2027 | 10 | 7.14 | 7.12 | 7.15 | 7.23 |
| 7.10 2029 | - | 7.23 | 7.23 | 7.28 | 7.30 |
| 6.54 2032 | 50 | 7.31 | 7.30 | 7.36 | 7.36 |
| 7.26 2032 | - | 7.30 | 7.28 | 7.35 | 7.33 |
| 7.54 2036 | - | 7.39 | 7.39 | 7.40 | 7.42 |

| DEBT | | | |
|-----------|----------------|-------------|----------------|
| MF | Gross Purchase | Gross Sales | Net Investment |
| 25-Jan-23 | 6585 | 8240 | -1654 |

| EQUITY | | |
|-----------|----------------|----------------|
| | Gross Purchase | Net Investment |
| 25-Jan-23 | 5614 | -189 |

| TOTAL (Rs.Crs) | | |
|----------------|----------------|----------------|
| | Gross Purchase | Net Investment |
| 25-Jan-23 | 12200 | -1843 |

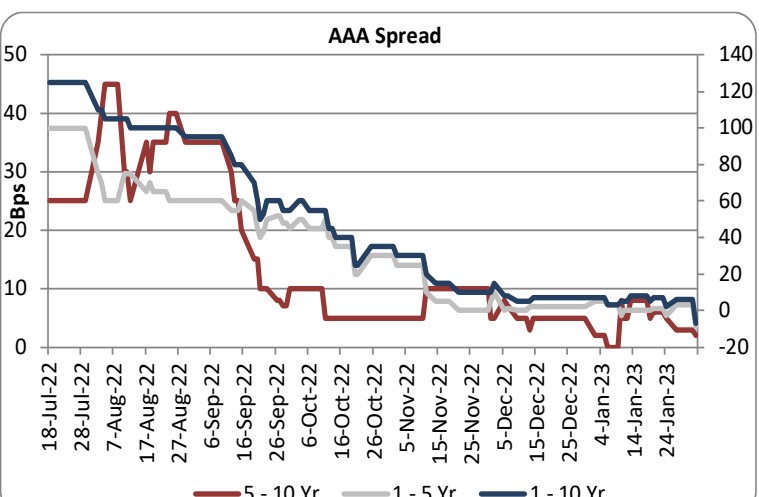
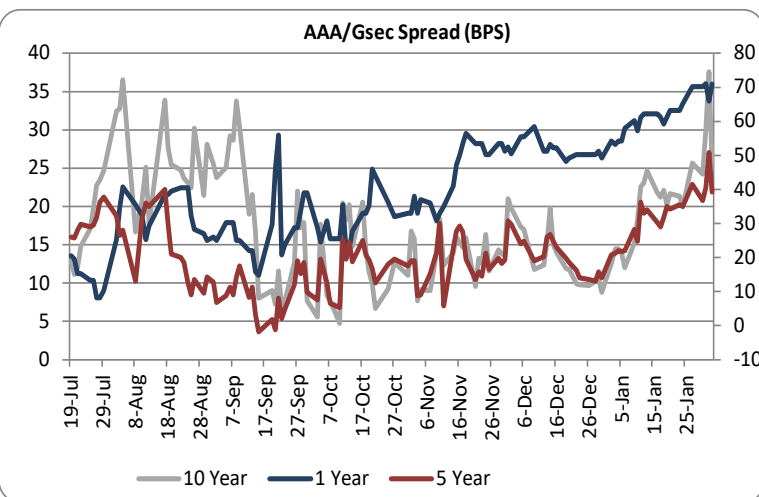
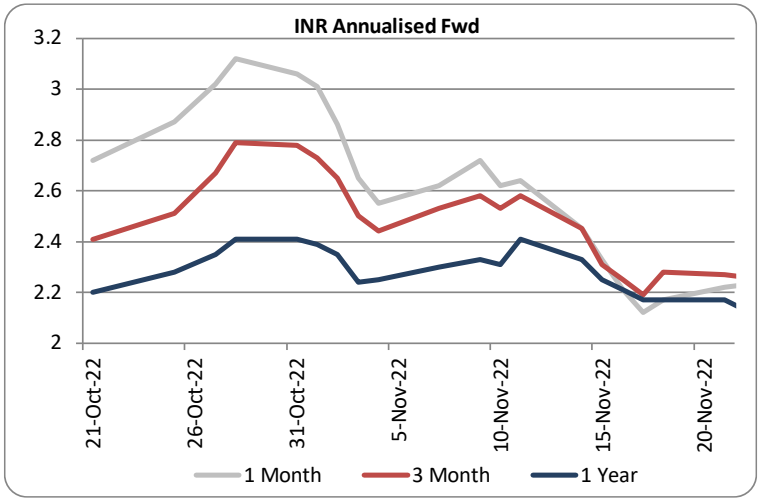
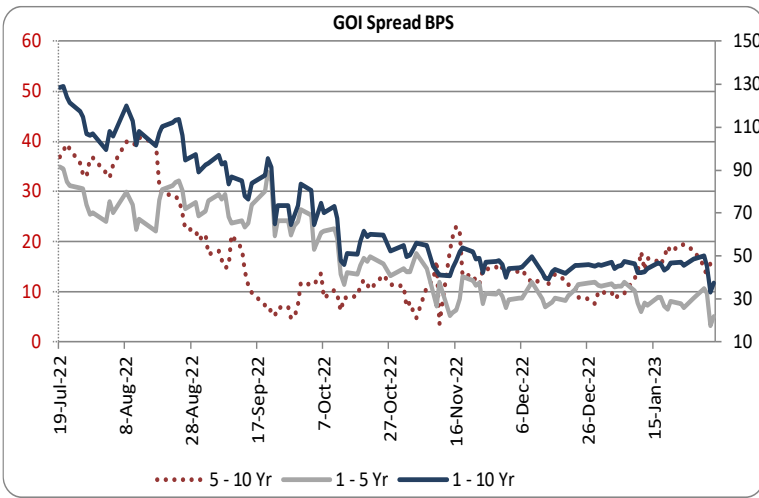
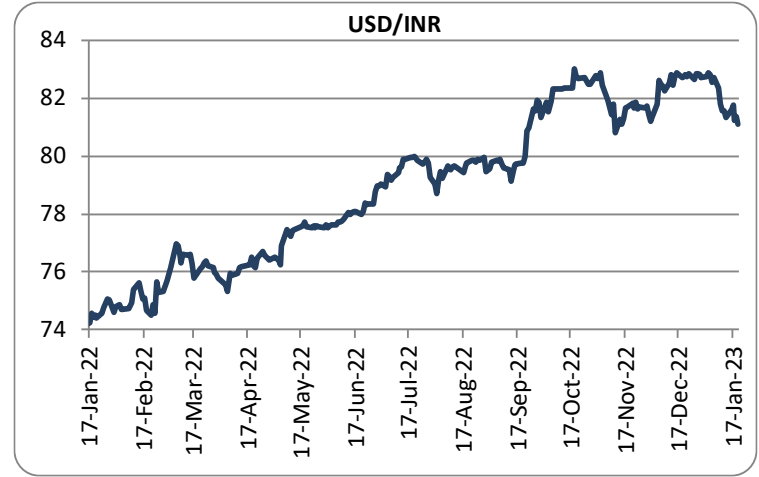
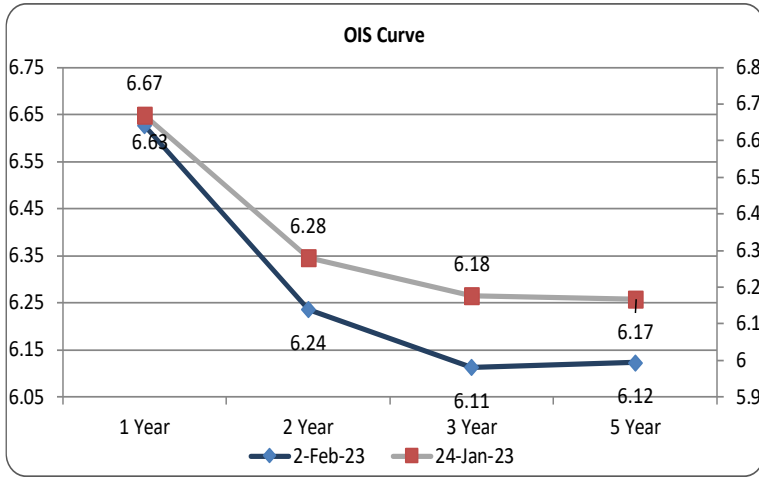
| DEBT | | | |
|----------|----------------|-------------|----------------|
| FII | Gross Purchase | Gross Sales | Net Investment |
| 2-Feb-23 | 3042 | 176 | 2866 |

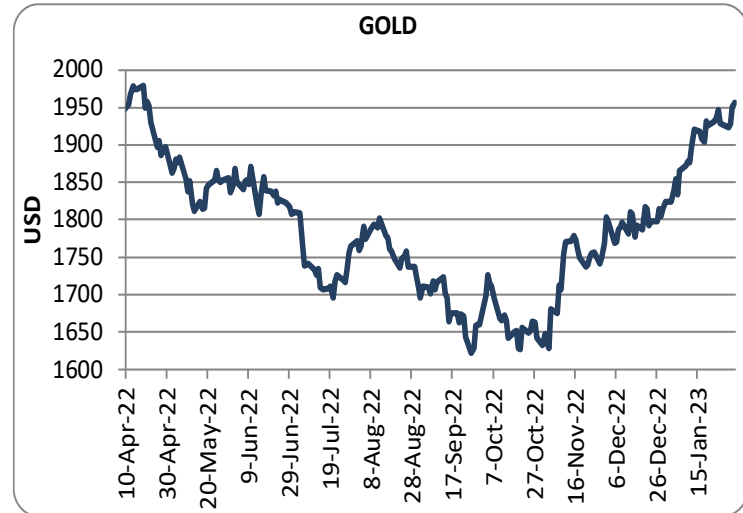
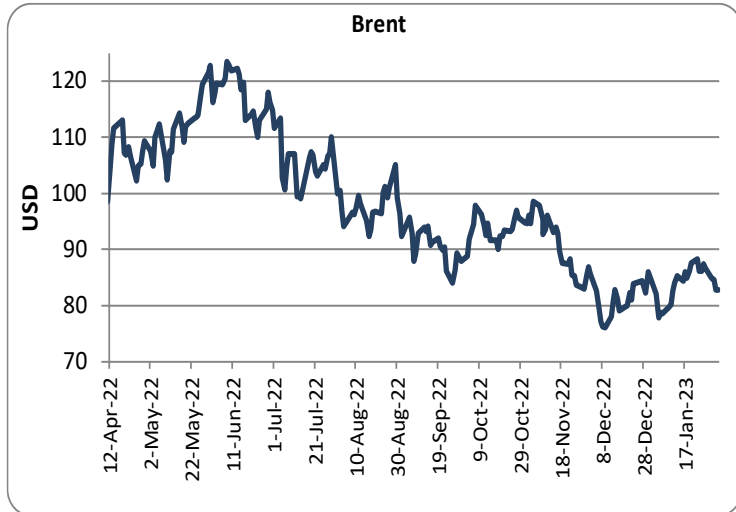
| EQUITY | | |
|----------|----------------|----------------|
| | Gross Purchase | Net Investment |
| 2-Feb-23 | 14805 | 2543 |

| TOTAL (Rs. Crs) | | |
|-----------------|----------------|----------------|
| | Gross Purchase | Net Investment |
| 2-Feb-23 | 17847 | 5409 |

| INDICATORS | PERIOD | ACTUAL | PRIOR |
|-----------------------|--------|--------|-------|
| GDP Quaterly (%) | Sep-22 | 6.3 | 13.5 |
| CAD (\$ Bn) | Sep-22 | -36.4 | -18.2 |
| Trade Deficit (\$ Bn) | Sep-22 | -83.5 | -68.6 |
| WPI (%) | Dec-22 | 5.0 | 5.9 |
| CPI (%) | Dec-22 | 5.7 | 5.9 |
| IIP (%) | Nov-22 | 7.1 | -4.0 |
| PMI Manufacturing | Jan-23 | 55.4 | 57.8 |
| PMI Service | Dec-22 | 58.5 | 56.4 |

| Economic Calender | Country | Date | Poll | Prior |
|-------------------|----------------|-----------|--------|-------|
| Industrial Output | Brazil | 03-Feb-23 | (1.10) | 0.90 |
| Unemployment Rate | US | 03-Feb-23 | 3.60 | 3.50 |
| Retail Sales | Euro Zone | 06-Feb-23 | (0.30) | 0.80 |
| GDP | Indonesia | 06-Feb-23 | 4.84 | 5.72 |
| Reverse repo | India | 08-Feb-23 | - | 3.35 |
| Unemployment Rate | Czech Republic | 08-Feb-23 | - | 3.70 |
| CPI | Russia | 08-Feb-23 | 11.50 | 11.90 |
| Unemployment Rate | Russia | 08-Feb-23 | 4.00 | 3.70 |





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

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