



BONDWATCH

Daily

INDIA

March 02, 2023

Indian government bond yields ended marginally higher on Thursday mirroring U.S. peer, although trading volume remained thin.

The 10-year benchmark 7.26% 2032 bond yield ended at 7.4386%, after closing lower at 7.4180% on Wednesday.

The 10-year U.S. yield rose above the 4% mark for the first time in four months on Wednesday and it was last at 4.03%. Separately, the two-year yield climbed to 4.92%, its highest level since 2007.

U.S. yields rose as a series of nasty inflation surprises around the world spooked investors and stoked worry about interest rate hikes. The U.S. central bank has raised interest rates by 450 basis points to 4.50%-4.75% over the last year.

In addition, interest rate hikes in the U.S. may also put pressure on the Reserve Bank of India to do the same. The RBI has raised the repo rate by 250 basis points since May 2022 to 6.50% and is widely expected to hike one more time in April.

India's retail inflation in January jumped to 6.52% and will pressure the central bank to tighten

The Indian rupee weakened 0.11% versus the U.S. dollar, and quoted at 82.59 per dollar as Treasury yields surged after more data prints hinted at inflation concerns persisting in major economies.

Repo: The weighted average call rates in the interbank segment decreased to 6.34% vs 6.36% on the previous day while that the TREP segment decreased to 6.23% vs 6.27% as on the previous day.

Market Observations

G-sec

- Demand was seen in 2026 maturity SDLs by MFs
- Demand was seen in 7m to 10m Tbills at 7.37 levels as it was trading flat at 1year T-bill level.

Corporate Bonds

- Market seen short buying from Insurances to deploy cash and as yields higher in shorter end
- The longer end saw support from pension and life insurances.

CP/CD

- Mutual Funds have been observed increasing their duration of schemes, as they were keen on selling short paper (March & April) and buying longer segment (1 Year & 3 month).

GOI Yield	2-Mar	1-Mar	23-Feb	2-Feb
1 Year	7.360	7.360	7.210	6.920
5 Year	7.423	7.395	7.379	7.140
10 Year	7.439	7.418	7.391	7.296

AAA Bmk	2-Mar	1-Mar	23-Feb	2-Feb
1 Year	7.95	7.95	7.85	7.75
5 Year	7.85	7.85	7.80	7.66
10 Year	7.80	7.80	7.77	7.68

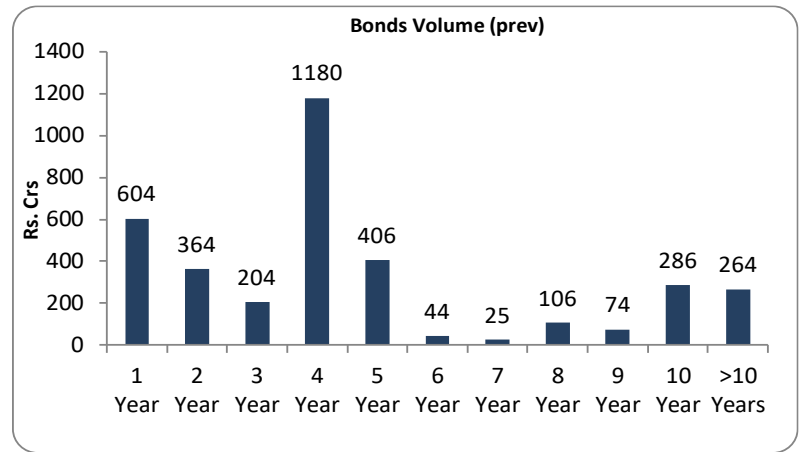
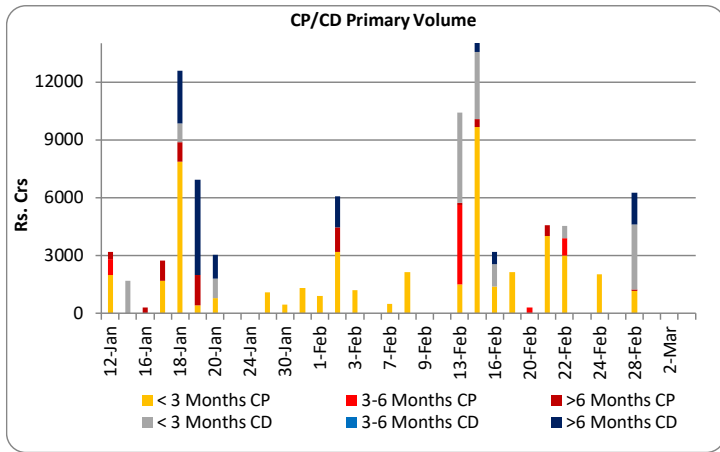
CD	2-Mar	1-Mar	23-Feb	2-Feb
3 Month	7.60	7.60	7.40	7.20
6 Month	7.75	7.75	7.70	7.65
1 Year	7.90	7.90	7.85	7.75

CP	2-Mar	1-Mar	23-Feb	2-Feb
3 Month	7.85	7.85	7.50	7.30
6 Month	7.90	7.90	7.80	7.75
1 Year	8.10	8.10	8.00	7.85

OIS Rate	2-Mar	1-Mar	23-Feb	2-Feb
1 Year	7.06	7.04	6.99	6.63
2 Year	6.78	6.77	6.70	6.24
3 Year	6.69	6.70	6.61	6.11
5 Year	6.69	6.68	6.62	6.12

	2-Mar	1-Mar	23-Feb	2-Feb
Sensex	58,909	59,411	59,606	59,932
Nifty	17,322	17,451	17,511	17,610
USD/INR	82.59	82.50	82.73	82.17
Gold (USD)	1,837	1,837	1,823	1,912
Oil (USD)	84.77	84.31	82.21	82.17

NDF	2-Mar	1-Mar	23-Feb	2-Feb
3 Month	83.10	82.95	83.11	82.64
1 Year	84.38	84.26	84.44	83.97
2 Year	86.38	86.21	86.26	86.05
3 Year	88.85	88.73	88.96	88.75



10 Year Benchmarks	2-Mar	1-Mar	23-Feb	2-Feb
India	7.44	7.43	7.39	7.30
US	4.02	4.00	3.88	3.40
South Korea	3.84	3.75	3.59	3.21
Russia	11.01	11.00	10.96	10.59
Brazil	13.48	13.48	13.31	13.02
Germany	2.71	2.71	2.48	2.07
China	2.93	2.91	2.93	2.94

Top Traded Securities	Volume	2-Mar	1-Mar	23-Feb	2-Feb
5.74 2026	60	7.40	7.39	7.36	7.09
7.38 2027	30	7.42	7.40	7.38	7.14
7.10 2029	5	7.43	7.40	7.40	7.23
6.54 2032	-	7.44	7.42	7.39	7.31
7.26 2032	-	7.44	7.42	7.39	7.30
7.54 2036	-	7.48	7.48	7.45	7.39

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
15-Feb-23	4351	4303	48

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6384	6452	-69

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10735	10756	-21

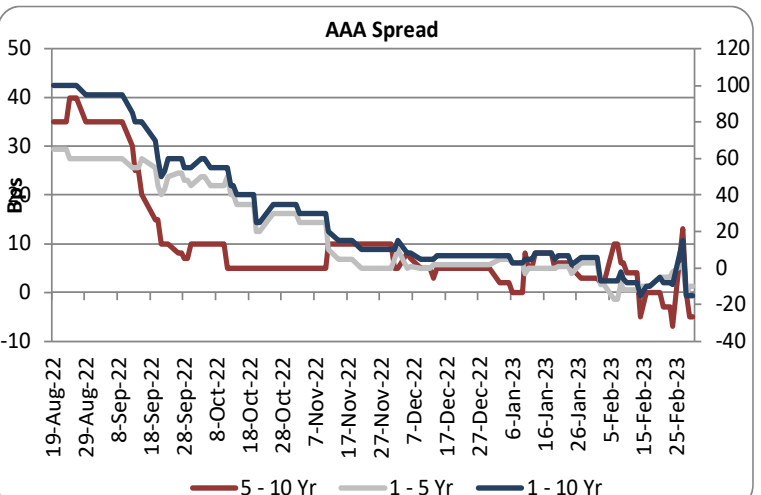
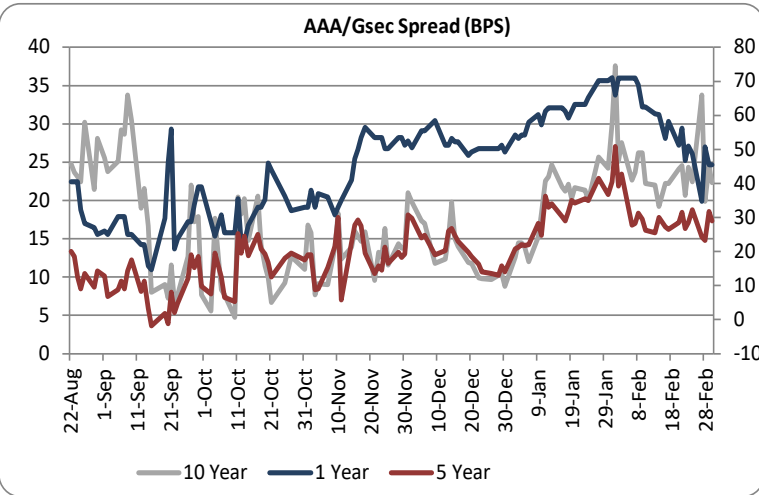
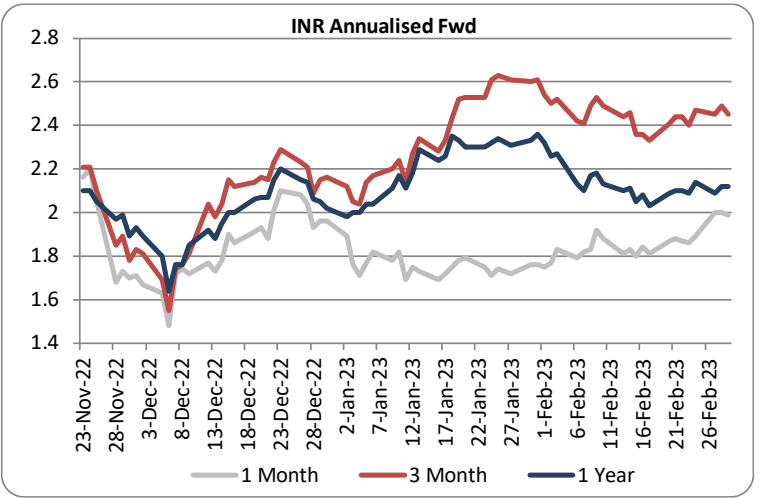
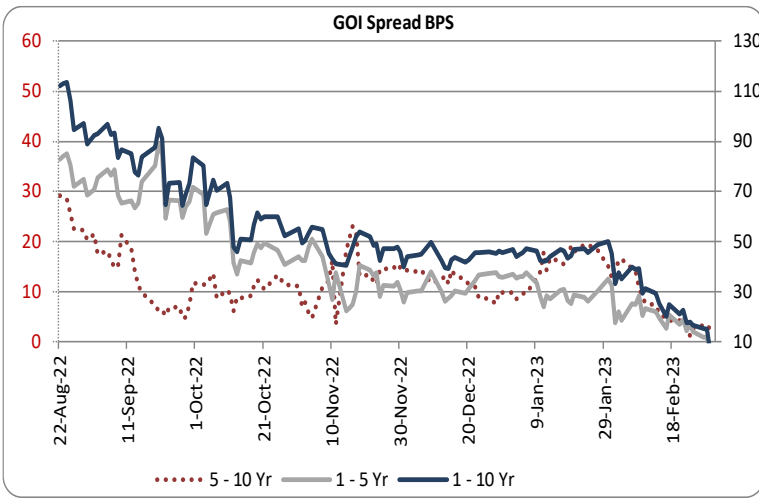
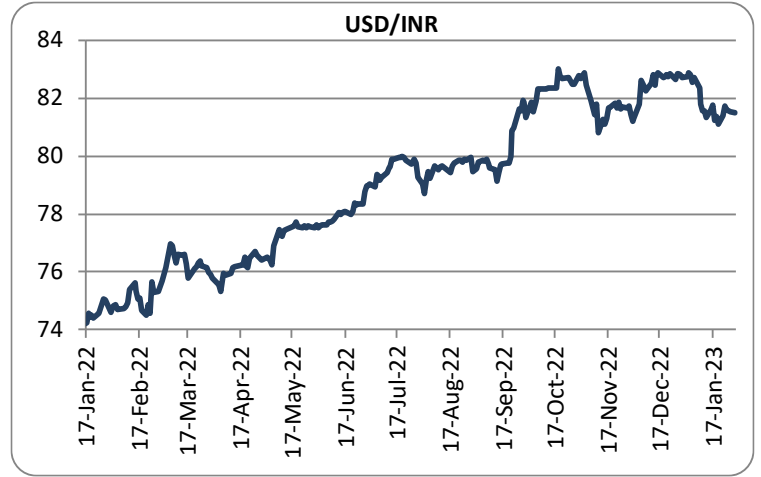
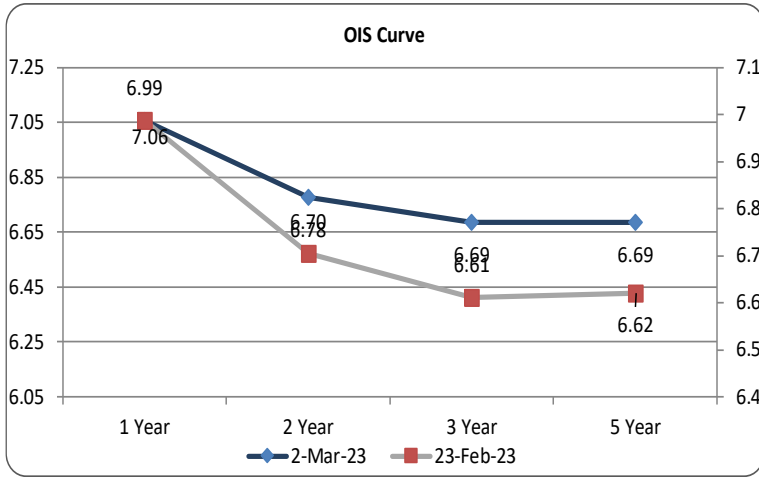
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
2-Mar-23	437	310	127

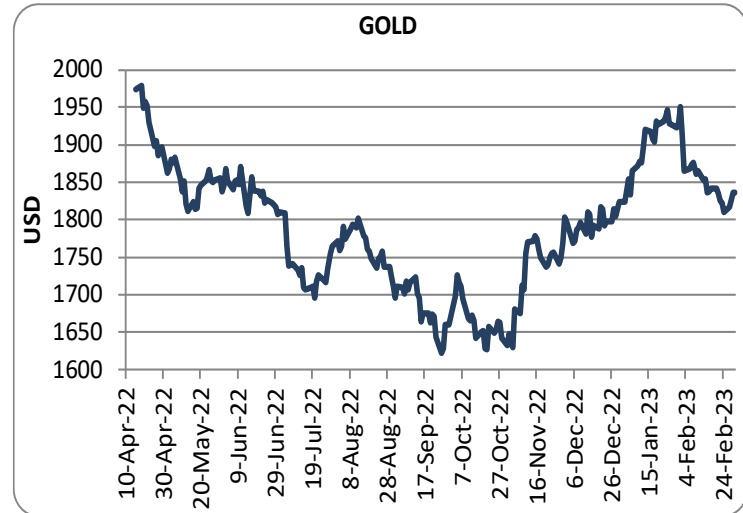
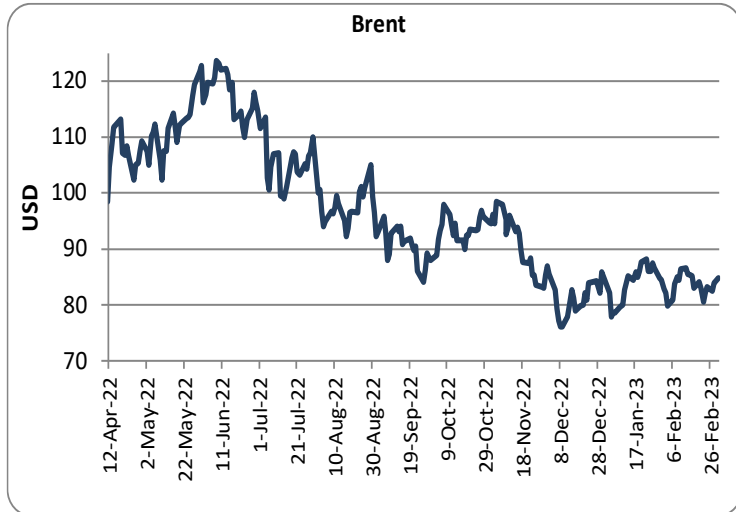
EQUITY		
Gross Purchase	Gross Sales	Net Investment
7256	6415	841

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
7693	6725	968

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Feb-23	55.3	55.4
PMI Service	Jan-23	57.2	58.5

Economic Calender	Country	Date	Poll	Prior
Industrial Output	South Korea	02-Mar-23	(8.90)	(7.30)
Unemployment Rate	Euro Zone	02-Mar-23	6.60	6.60
GDP	Brazil	02-Mar-23	2.20	3.60
Unemployment Rate	Japan	03-Mar-23	2.50	2.50
Exports	China	07-Mar-23	-	(9.90)
GDP	South Africa	07-Mar-23	-	4.10
CPI	China	09-Mar-23	-	2.10
Industrial Output	UK	10-Mar-23	-	(4.00)





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

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