



BONDWATCH

Daily

INDIA

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Indian government bond yields jumped on Thursday, with the benchmark yield ending at its highest level in over three months, tracking an unrelenting rise in U.S. yields and decline in local currency.

The benchmark 7.26% 2033 bond yield ended at 7.1981%, the highest since April 20, after closing the previous session at 7.1516%. Higher U.S. yields and fall in rupee are having an impact on local bonds.

U.S. yields continued to climb on the back of a greater-than-expected rise in private employment, which underlines strength in the economy, and could keep interest rates elevated for longer.

The 10-year U.S. Treasury yield hit 4.1650% on Thursday, its highest level in nearly nine months.

Even though the data did little to move the needle towards an additional rate hike, market participants stayed convinced that rates may remain elevated for longer.

Worries that retail inflation may jump again has been keeping investors at bay, as a steep rise could prompt the Reserve Bank of India (RBI) to adopt a hawkish stance next week. The RBI will hold its key interest rate at 6.50% through March end.

India's retail inflation jumped to 4.81% in June after easing for four months. Some economists project a reading of around 6.5% for July.

The Indian rupee weakened 0.17% versus the U.S. dollar, and quoted at 82.73 per dollar tracking broad losses in Asian peers, but likely dollar sales by the country's central bank capped losses in the currency.

Repo: The weighted average call rates in the interbank segment increased to 6.35% vs 6.34% as on the previous day while that the TREP segment decreased to 6.24% vs 6.25% as on the previous day.

GOI Yield	3-Aug	2-Aug	27-Jul	5-Jul
1 Year	6.925	6.923	6.860	6.800
5 Year	7.186	7.128	7.111	7.073
10 Year	7.198	7.152	7.123	7.107

AAA Bmk	3-Aug	2-Aug	27-Jul	5-Jul
1 Year	7.35	7.35	7.35	7.38
5 Year	7.61	7.60	7.55	7.57
10 Year	7.55	7.55	7.53	7.52

CD	3-Aug	2-Aug	27-Jul	5-Jul
3 Month	6.95	6.95	6.95	6.95
6 Month	7.20	7.20	7.15	7.20
1 Year	7.45	7.50	7.45	7.55

CP	3-Aug	2-Aug	27-Jul	5-Jul
3 Month	7.05	7.05	7.10	7.10
6 Month	7.30	7.30	7.28	7.30
1 Year	7.55	7.60	7.55	7.65

OIS Rate	3-Aug	2-Aug	27-Jul	5-Jul
1 Year	6.87	6.84	6.82	6.75
2 Year	6.61	6.57	6.54	6.47
3 Year	6.54	6.49	6.47	6.39
5 Year	6.51	6.46	6.38	6.33

	3-Aug	2-Aug	27-Jul	5-Jul
Sensex	65,241	65,783	66,267	65,446
Nifty	19,382	19,527	19,660	19,399
USD/INR	82.72	82.58	81.93	82.23
Gold (USD)	1,935	1,934	1,945	1,917
Oil (USD)	82.97	83.20	84.24	76.65

NDF	3-Aug	2-Aug	27-Jul	5-Jul
3 Month	82.98	82.95	82.61	82.66
1 Year	83.96	84.04	83.69	83.72
2 Year	86.22	86.08	85.77	85.68
3 Year	88.99	88.74	88.44	88.33

Market Observations

G-sec

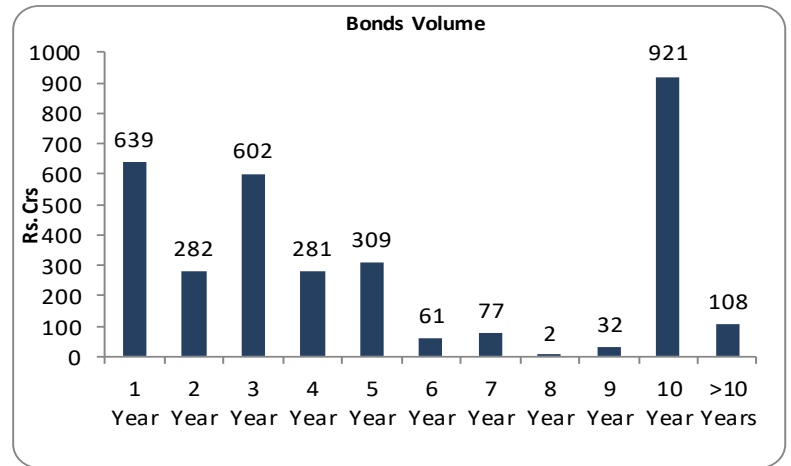
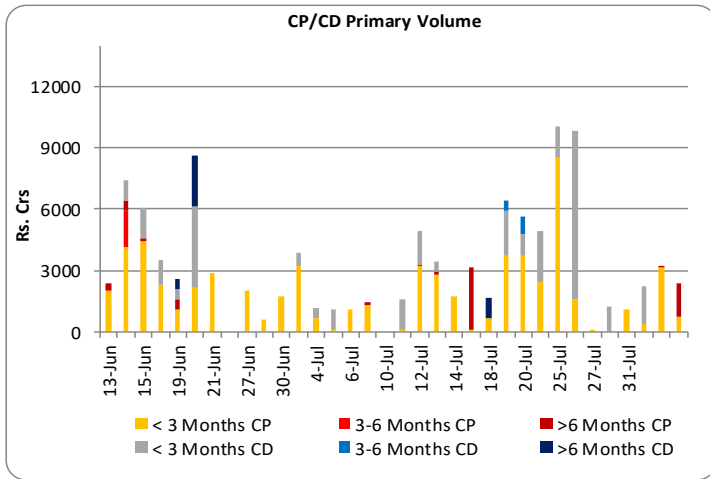
- Market got further given and 10yr G-sec hovered around 7.20 levels.
- Demand was seen in 7-year illiquid papers around 7.20 levels by banks and PDs.
- March and 1-year t-bill were heavily traded around 6.90/92 levels.

Corporate Bonds

- Mutual funds were active in the 2025-26 segment papers.
- Majority of the market participants were net sellers.
- Pension funds were buying in the longer segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	3-Aug	2-Aug	27-Jul	5-Jul
India	7.20	7.15	7.12	7.11
US	4.13	4.08	4.01	3.95
South Korea	3.83	3.80	3.64	3.65
Russia	11.54	11.52	11.43	11.20
Brazil	10.80	10.73	10.92	10.74
Germany	2.51	2.51	2.44	2.48
China	2.68	2.70	2.68	2.70

Top Traded Securities	Volume	3-Aug	2-Aug	27-Jul	5-Jul
5.74 2026	55	7.16	7.12	7.10	7.07
7.38 2027	-	7.19	7.13	7.11	7.07
7.10 2029	-	7.20	7.16	7.14	7.10
6.54 2032	10	7.23	7.19	7.16	7.15
7.26 2032	#VALUE!	7.23	7.19	7.15	7.14
7.54 2036	-	7.29	7.26	7.22	7.23

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
31-Jul-23	6867	4543	2323

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	5771	6218	-447

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	12638	10761	1877

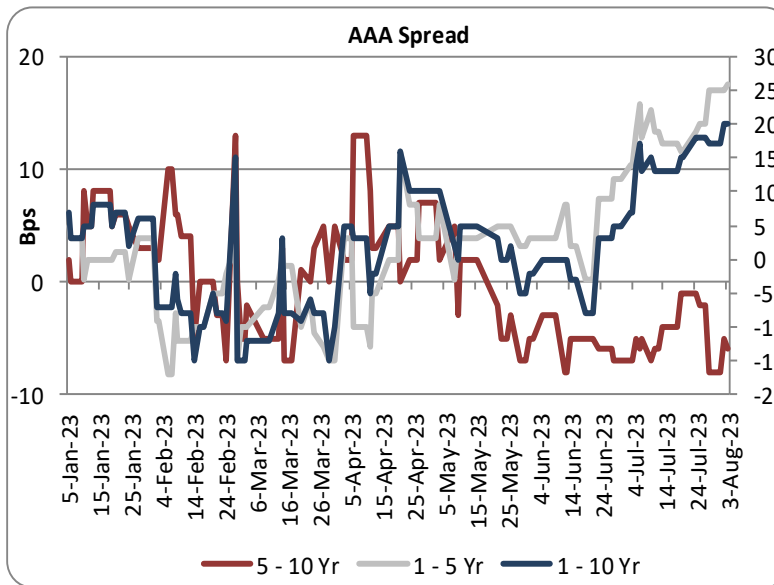
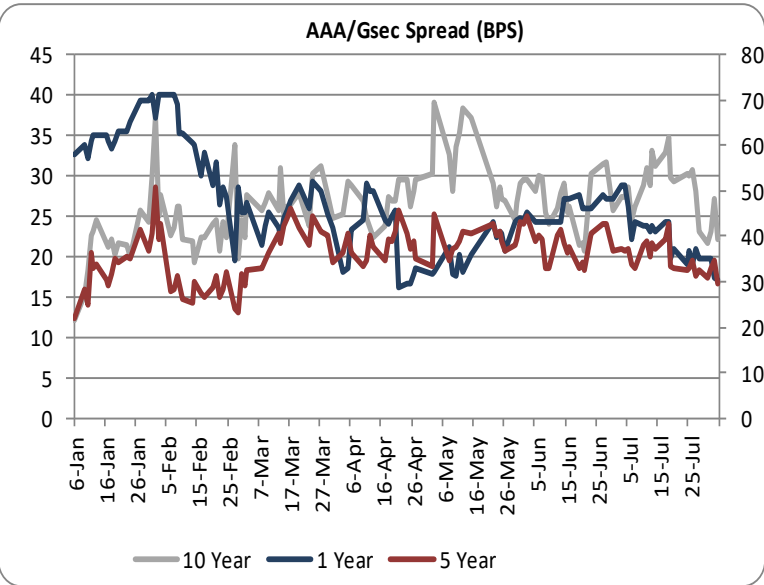
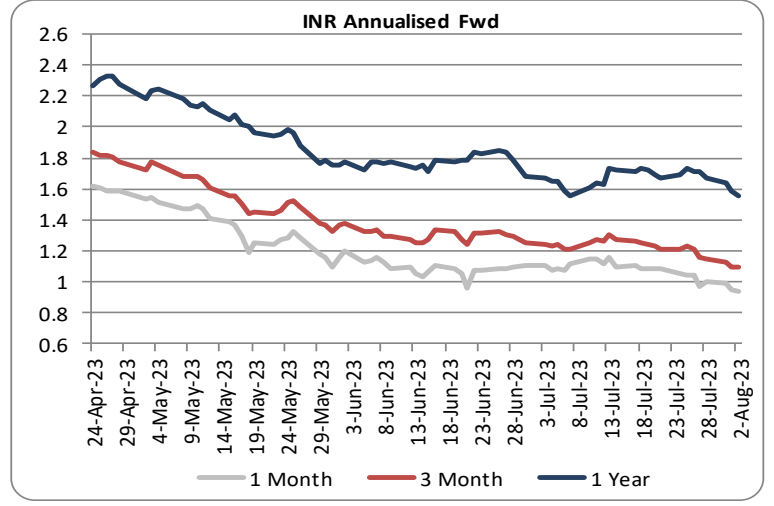
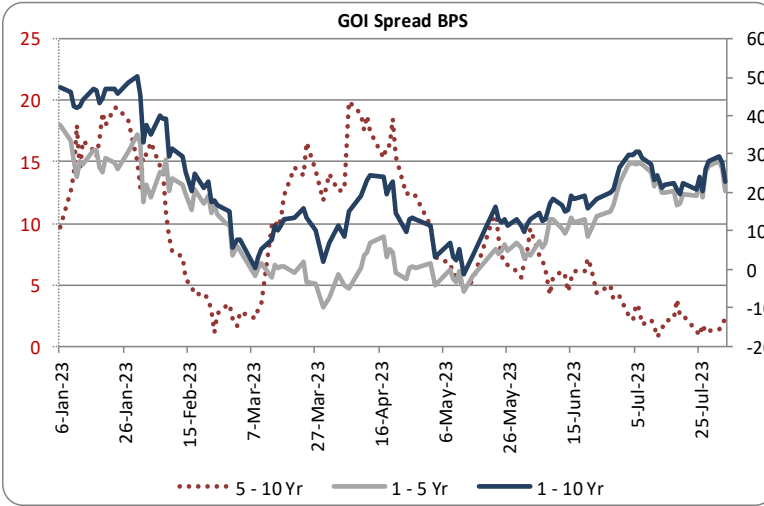
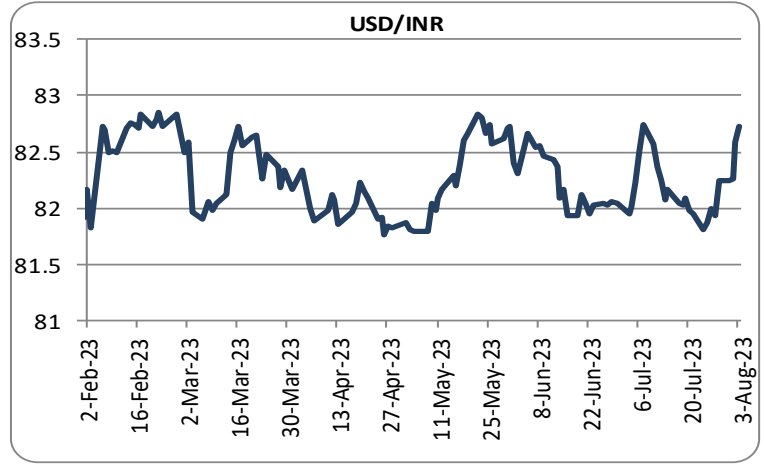
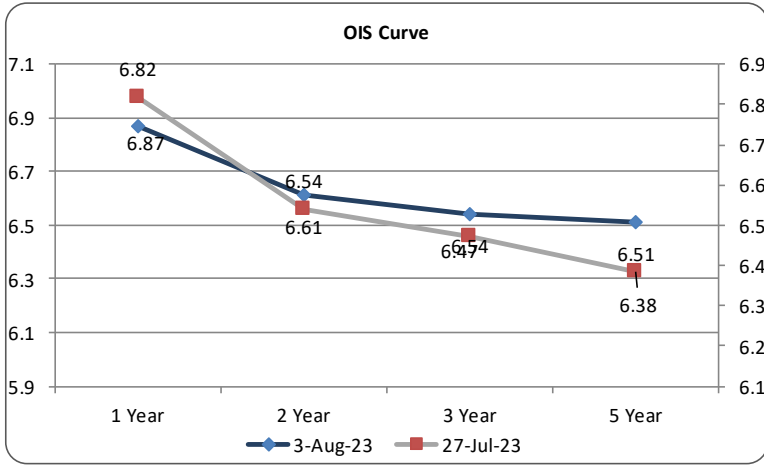
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
3-Aug-23	285	270	15

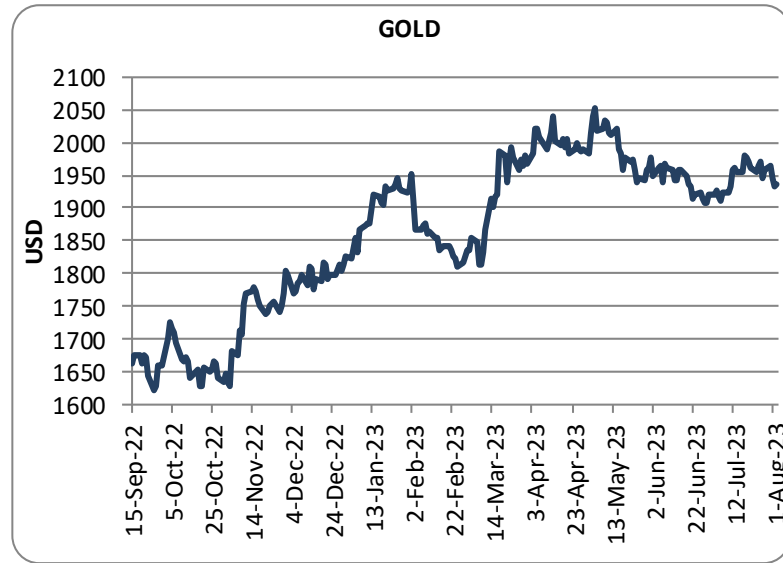
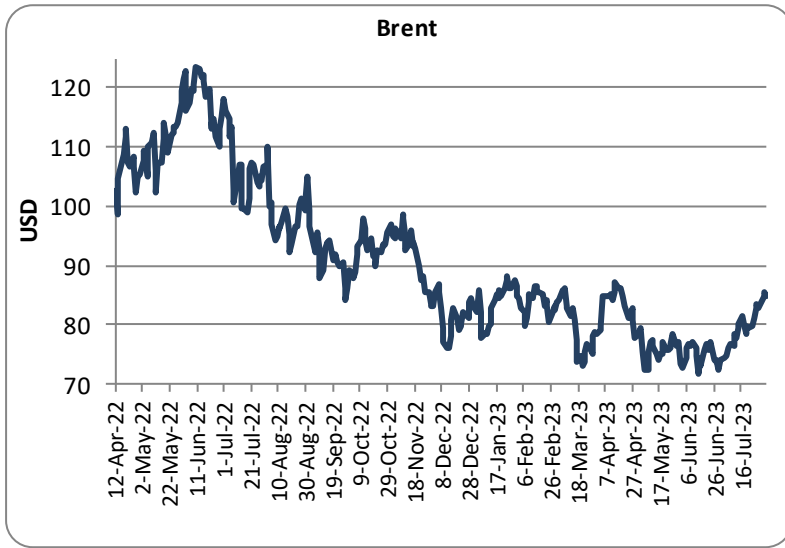
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	8522	10023	-1502

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	8807	10293	-1487

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	Jul-23	62.3	58.5

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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