



BONDWATCH

Daily

July 03, 2023

INDIA

Indian government bond yields ended largely unchanged on Monday, the first trading day of the second quarter, as investors refrained from placing large bets due to the lack of fresh cues and after a volatile session on Friday.

The benchmark 7.26% 2033 bond yield ended at 7.1192% on Monday, after closing at 7.1166% in the previous session. The yield posted its biggest single-session jump since Nov. 3, 2022, and also rose 13 basis points (bps) for June.

The sharp rise in yields last week resulted in the benchmark bond yield breaching a key technical level of 7.08% and the next critical level is around 7.15%-7.16%. They are expected to extend their rise into the next quarter due to a strong line-up of debt supply and as chances of a rate cut before the first half of next year look unlikely.

Yield spreads between the Indian government bonds and state debt are set to widen, with investors seeking a premium on state bonds following a massive borrowing plan for this quarter.

Indian bond markets were influenced by the rising global bond yields which rose on the back of strong economic data.

Oil rose on Monday after top exporters Saudi Arabia and Russia announced supply cuts for August, overshadowing concern over a global economic slowdown and the potential for further increases to U.S. interest rates.

The Indian rupee strengthened 0.10% versus the U.S. dollar, and quoted at 81.95 per dollar on possible dollar inflows, while gains were mostly wiped as buying interest emerged at near two-month highs.

Repo: The weighted average call rates in the interbank segment increased at 6.39% vs 5.94% as on the previous day while that the TREP segment decreased to 6.27% vs 6.31% as on the previous day.

GOI Yield	3-Jul	30-Jun	27-Jun	2-Jun
1 Year	6.820	6.850	6.860	6.850
5 Year	7.094	7.076	7.011	6.887
10 Year	7.119	7.117	7.061	6.982

AAA Bmk	3-Jul	30-Jun	27-Jun	2-Jun
1 Year	7.45	7.45	7.47	7.42
5 Year	7.59	7.57	7.56	7.45
10 Year	7.52	7.50	7.50	7.40

CD	3-Jul	30-Jun	27-Jun	2-Jun
3 Month	6.95	6.95	6.95	6.90
6 Month	7.20	7.20	7.20	7.18
1 Year	7.55	7.45	7.45	7.40

CP	3-Jul	30-Jun	27-Jun	2-Jun
3 Month	7.10	7.10	7.10	7.00
6 Month	7.30	7.30	7.30	7.28
1 Year	7.65	7.55	7.55	7.50

OIS Rate	3-Jul	30-Jun	27-Jun	2-Jun
1 Year	6.75	6.74	6.70	6.57
2 Year	6.46	6.45	6.38	6.20
3 Year	6.38	6.36	6.30	6.05
5 Year	6.33	6.30	6.25	5.99

	3-Jul	30-Jun	27-Jun	2-Jun
Sensex	65,205	64,719	63,416	62,547
Nifty	19,323	19,189	18,817	18,534
USD/INR	81.96	82.04	82.03	82.31
Gold (USD)	1,913	1,920	1,913	1,948
Oil (USD)	75.93	74.90	72.26	76.13

NDF	3-Jul	30-Jun	27-Jun	2-Jun
3 Month	82.20	82.29	82.23	82.67
1 Year	83.27	83.40	83.42	83.87
2 Year	85.32	85.38	85.52	86.05
3 Year	88.05	88.03	88.17	88.80

Market Observations

G-sec

- Demand was seen in 2 months T-bills @6.65 and 3 months t-bill @6.70 centric levels by Mutual Funds.

- Demand was seen in 1year T-bills by banks.

- Demand was seen in 2026 maturity SDLs @7.25 centric levels.

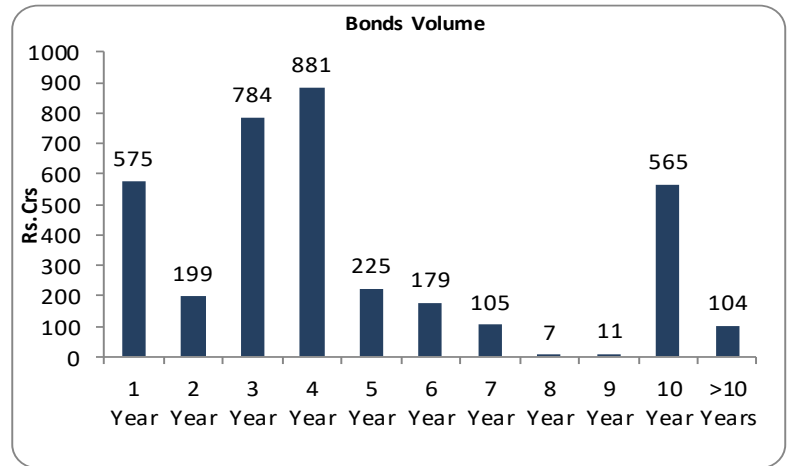
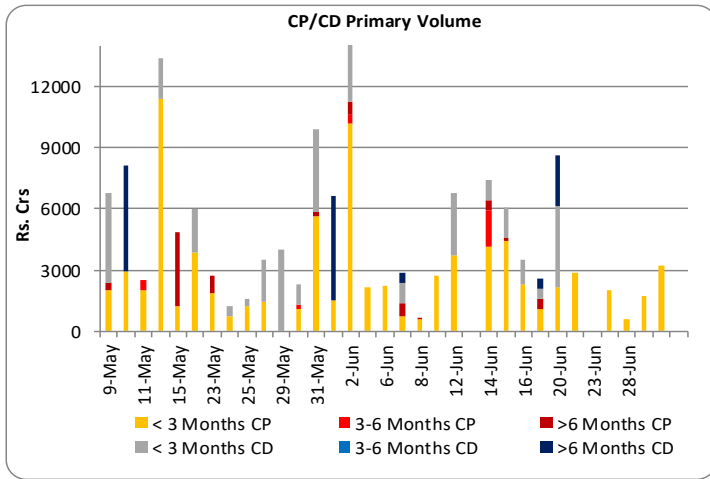
Corporate Bonds

- Mutual funds were doing switches in 2025-2026 segment.

- Insurance companies and pension funds were buying in the longer-end segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	3-Jul	30-Jun	27-Jun	2-Jun
India	7.12	7.11	7.06	6.98
US	3.86	3.82	3.77	3.69
South Korea	3.62	3.70	3.60	3.50
Russia	11.18	11.19	11.08	10.80
Brazil	10.67	10.67	10.96	11.44
Germany	2.44	2.39	2.37	2.31
China	2.69	2.68	2.70	2.72

Top Traded Securities	Volume	3-Jul	30-Jun	27-Jun	2-Jun
5.74 2026	40	7.08	7.07	7.01	#N/A
7.38 2027	-	7.09	7.08	7.01	6.89
7.10 2029	-	7.12	7.12	7.06	6.96
6.54 2032	-	7.17	7.15	7.11	7.03
7.26 2032	#VALUE!	7.16	7.15	7.10	7.02
7.54 2036	-	7.24	7.24	7.19	7.09

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
23-Jun-23	4553	4596	-43

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	8632	7848	784

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	13185	12444	740

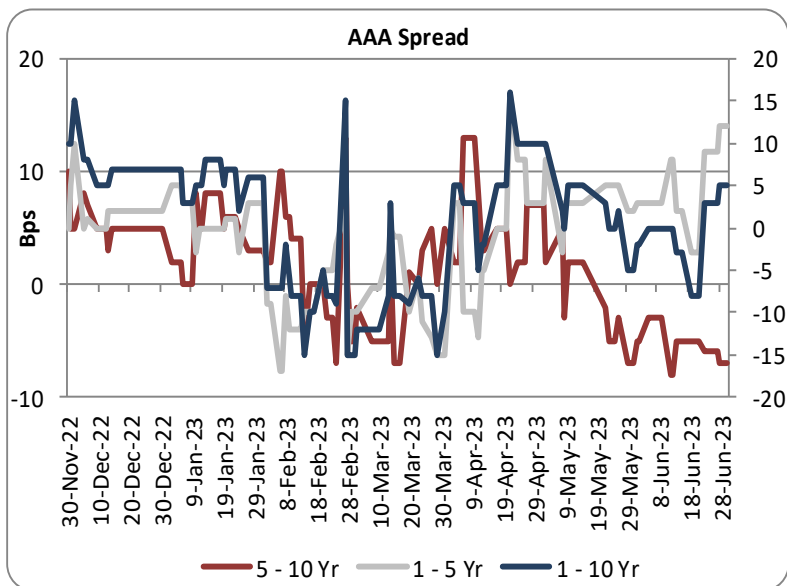
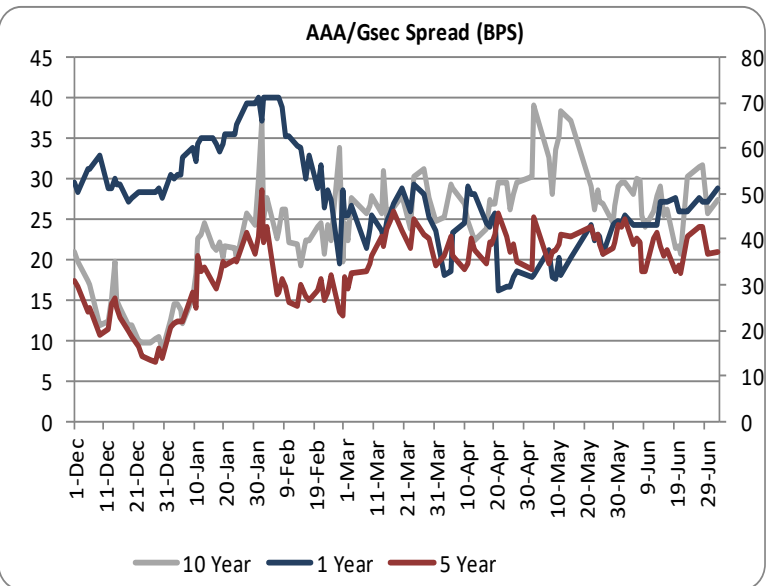
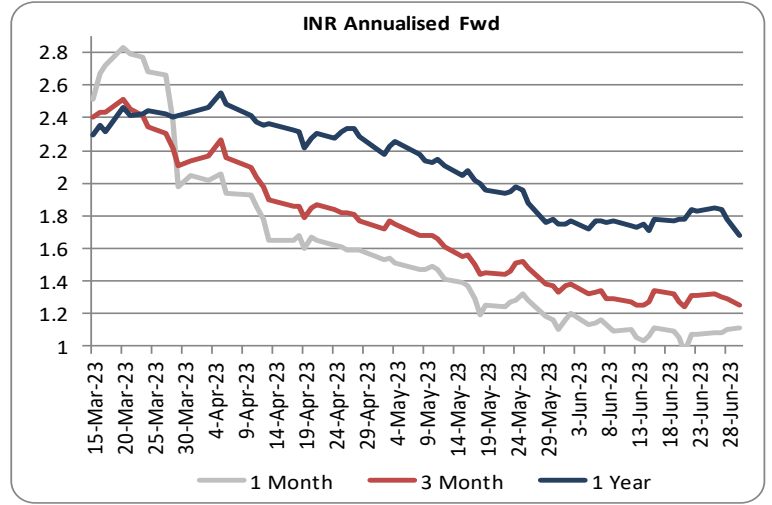
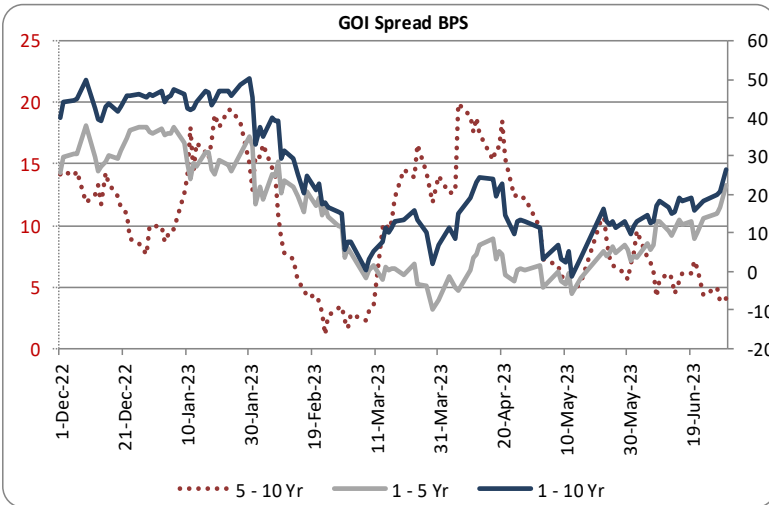
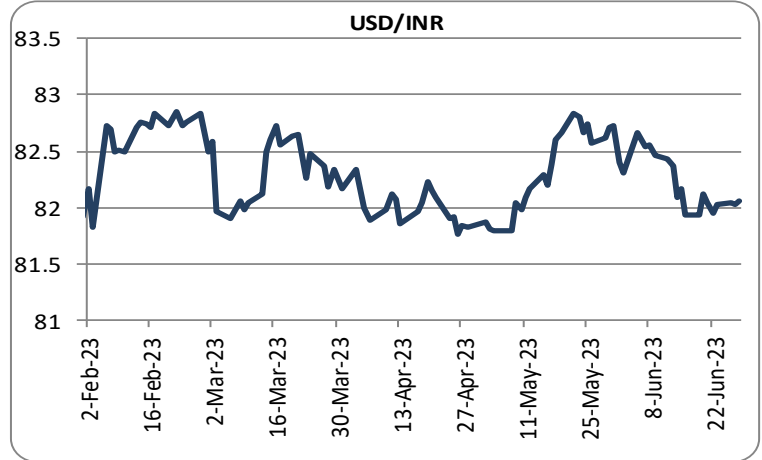
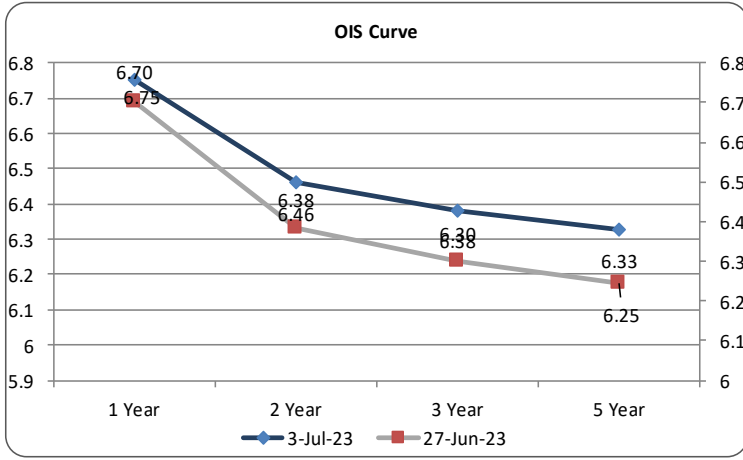
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
3-Jul-23	2288	1417	870

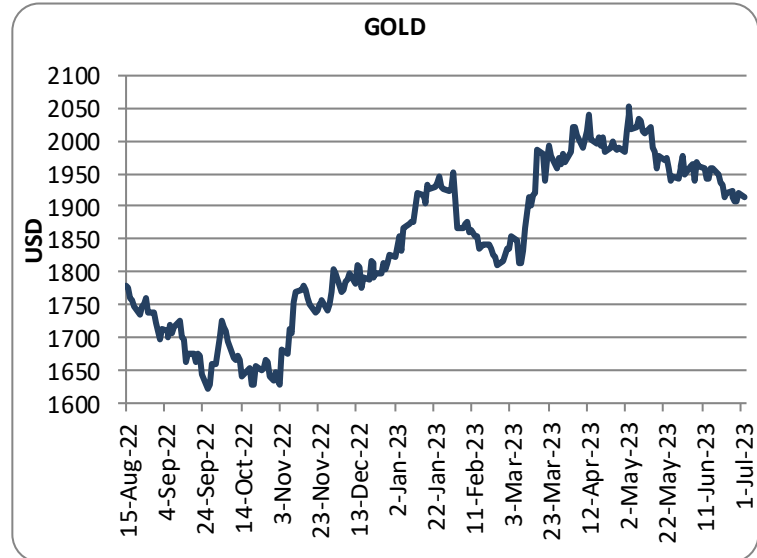
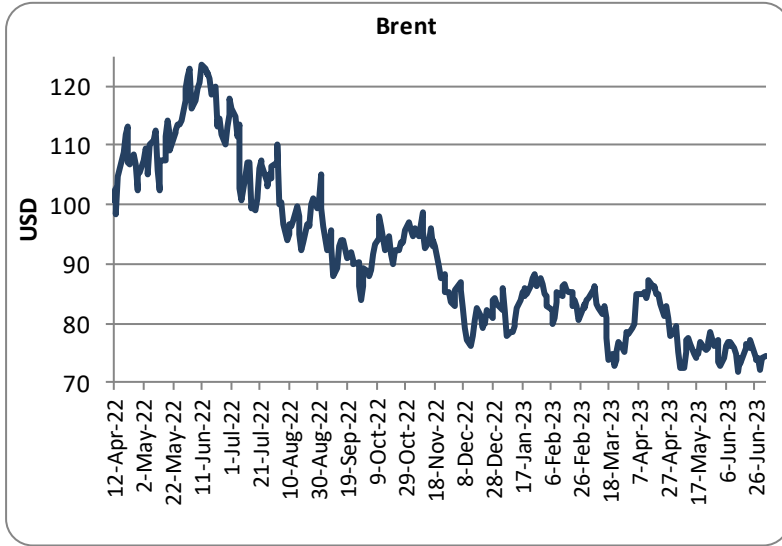
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	22436	10586	11850

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	24723	12003	12720

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 (%)	May-23	-3.5	-0.9
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
CPI	UK	21-Jun-23	8.5	8.7
Bank Rate	UK	22-Jun-23	4.75	4.50
CPI	Japan	23-Jun-23	-	3.50
Retail Sales	UK	23-Jun-23	(2.30)	(3.00)
Retail Sales	Japan	29-Jun-23	-	5.10
GDP Q1	USA	29-Jun-23	1.30	1.30
Industrial Output	South Korea	30-Jun-23	-	(8.90)
CPI	Japan	30-Jun-23	-	3.20





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

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