



# BONDWATCH

Daily

May 03, 2023

INDIA

Indian government bond yields plunged on Wednesday with the benchmark yield just shy of dipping below 7% on rising bets of dovish commentary from the U.S. Federal Reserve after its policy decision later in the day.

The 10-year benchmark 7.26% 2033 bond yield ended at 7.0057%, the lowest closing level since April 7, 2022. It posted its biggest single-session drop since October 4. The benchmark yield had closed at 7.0924% on Tuesday.

The market has already factored in a 25 basis-point rate hike by the Fed and is awaiting Chair Jerome Powell's remarks in the aftermath of the U.S. banking crisis.

U.S. yields fell sharply on strengthened bets that the Fed will reverse its rate-hiking course sooner than expected, amid a wide sell-off in regional bank stocks.

The 10-year U.S. yield was at 3.40% while the two-year yield, a closer indicator of interest rate expectations was at 3.95%. The odds of a rate cut in June are nearly 14%, while those of a rate cut in July have risen to 46%.

Oil prices were sharply lower on Wednesday. The prices fell below \$75 a barrel for the first time since March as traders fret about the health of the global economy.

The Indian rupee strengthened 0.07% versus the U.S. dollar, and quoted at 81.82 per dollar aided by a broad decline in the U.S. dollar ahead of the expected quarter-point rate hike by the Fed later in the day.

Repo: The weighted average call rates in the interbank segment increased to 6.67% vs 6.59% as on the previous day while that the TREP segment increased to 6.72% vs 6.62% as on the previous day.

GOI Yield	3-May	2-May	26-Apr	3-Apr
1 Year	6.975	6.980	6.980	7.200
5 Year	6.933	6.995	6.990	7.188
10 Year	7.006	7.092	7.113	7.314

AAA Bmk	3-May	2-May	26-Apr	3-Apr
1 Year	7.42	7.42	7.42	7.65
5 Year	7.50	7.45	7.50	7.68
10 Year	7.52	7.52	7.52	7.70

CD	3-May	2-May	26-Apr	3-Apr
3 Month	7.10	7.05	7.05	7.20
6 Month	7.30	7.30	7.25	7.40
1 Year	7.45	7.50	7.50	7.50

CP	3-May	2-May	26-Apr	3-Apr
3 Month	7.15	7.15	7.15	7.30
6 Month	7.35	7.40	7.40	7.50
1 Year	7.55	7.60	7.60	7.60

OIS Rate	3-May	2-May	26-Apr	3-Apr
1 Year	6.57	6.62	6.55	6.86
2 Year	6.17	6.25	6.15	6.44
3 Year	6.01	6.09	6.03	6.33
5 Year	5.99	6.09	6.00	6.34

	3-May	2-May	26-Apr	3-Apr
Sensex	61,193	61,355	60,301	59,106
Nifty	18,090	18,148	17,814	17,398
USD/INR	81.82	81.88	81.77	82.33
Gold (USD)	2,016	2,016	1,989	1,984
Oil (USD)	73.14	75.32	77.69	84.93

NDF	3-May	2-May	26-Apr	3-Apr
3 Month	82.19	82.12	82.17	82.64
1 Year	83.57	83.61	83.65	84.18
2 Year	85.98	85.87	85.94	87.00
3 Year	88.86	88.77	88.74	89.75

## Market Observations

### G-sec

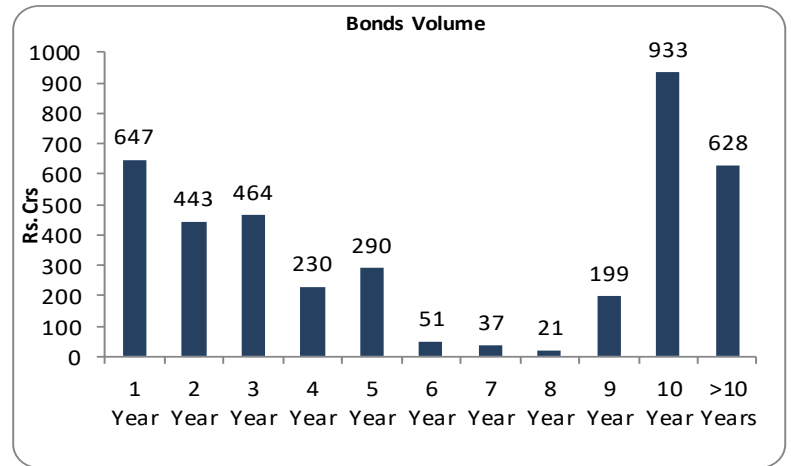
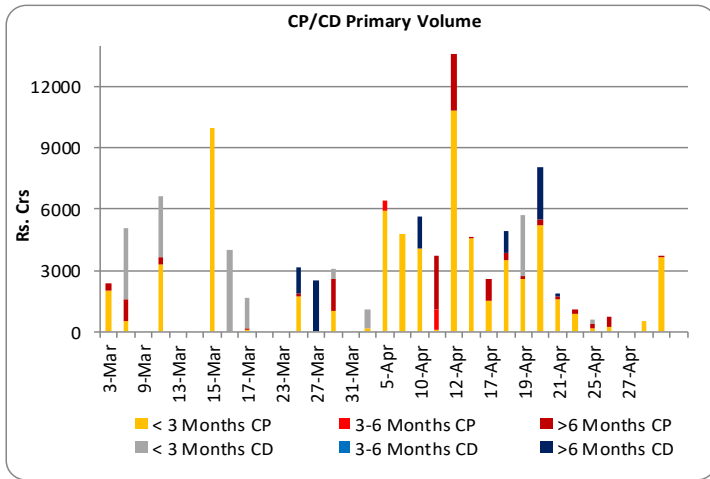
- Demand was seen in 9 to 12 years SDLs @7.36 to 7.43 levels.
- T-bill cut off was 3-4 bps higher in 3-month segment. In 6-month segment it was in line with market expectations and 2 bps better in 1-year segment.

### Corporate Bonds

- Corporate bond yields were lower tracking G-sec rally. Rally was on account of short covering.
- 3-year and 10-year segment was active during the day.

### CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	3-May	2-May	26-Apr	3-Apr
India	7.01	7.11	7.12	7.32
US	3.41	3.44	3.43	3.43
South Korea	3.33	3.37	3.31	3.39
Russia	10.59	10.60	10.68	10.32
Brazil	12.43	12.35	12.41	12.84
Germany	2.23	2.25	2.39	2.24
China	2.79	2.79	2.81	2.87

Top Traded Securities	Volume	3-May	2-May	26-Apr	3-Apr
5.74 2026	305	6.91	6.96	6.95	7.17
7.38 2027	55	6.93	6.99	6.99	7.19
7.10 2029	20	6.98	7.06	7.05	7.23
6.54 2032	10	7.07	7.16	7.17	7.33
7.26 2032	-	7.06	7.14	7.15	7.31
7.54 2036	-	7.12	7.22	7.23	7.38

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
27-Apr-23	161	203	-42

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	203	0	203

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	364	203	161

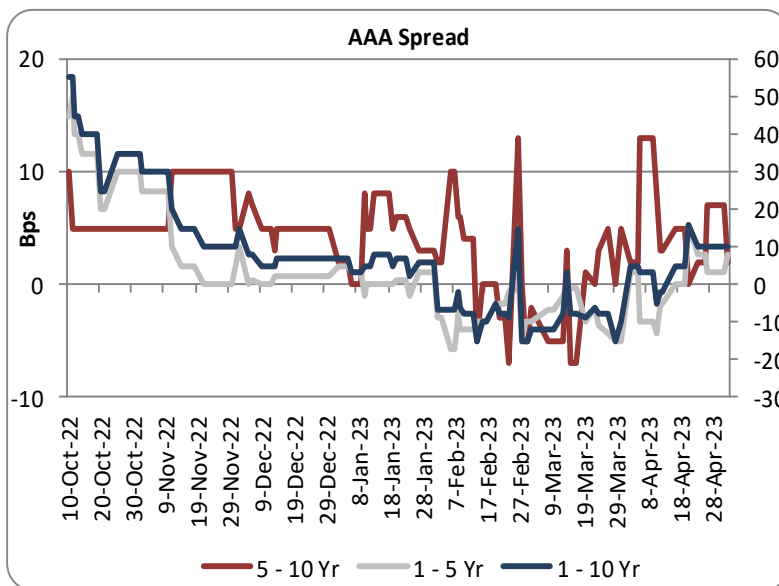
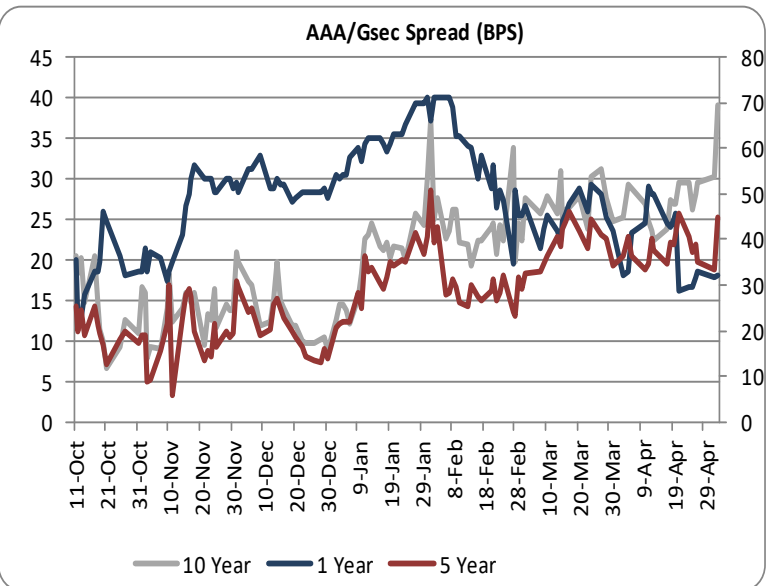
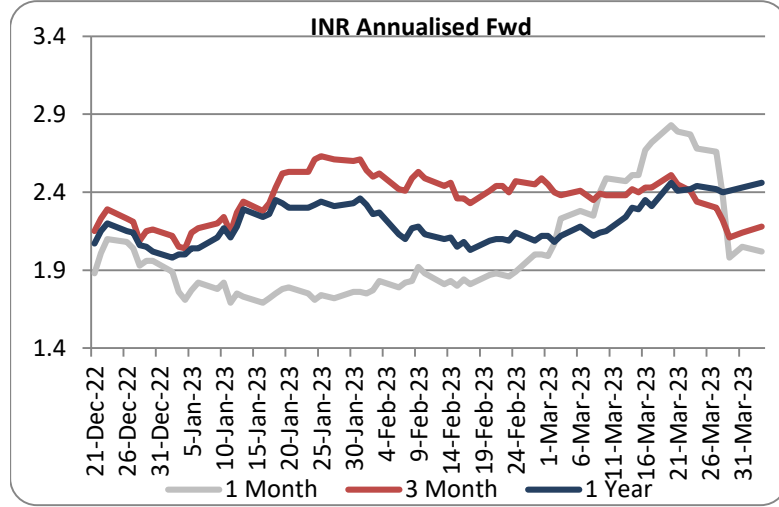
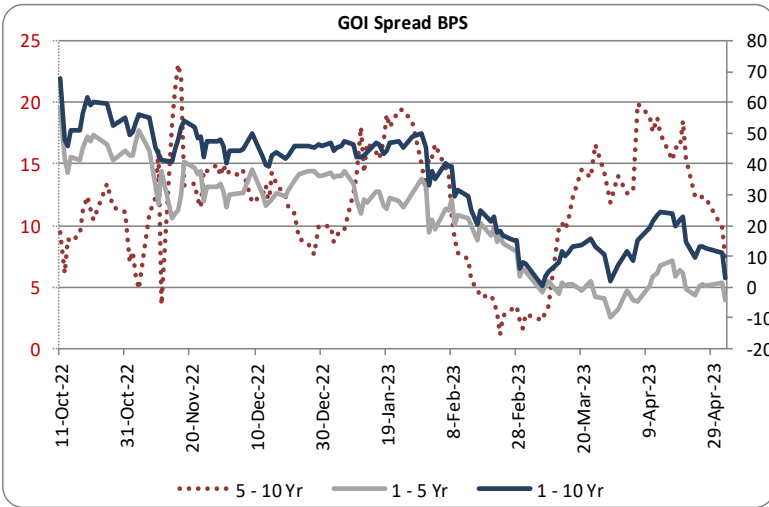
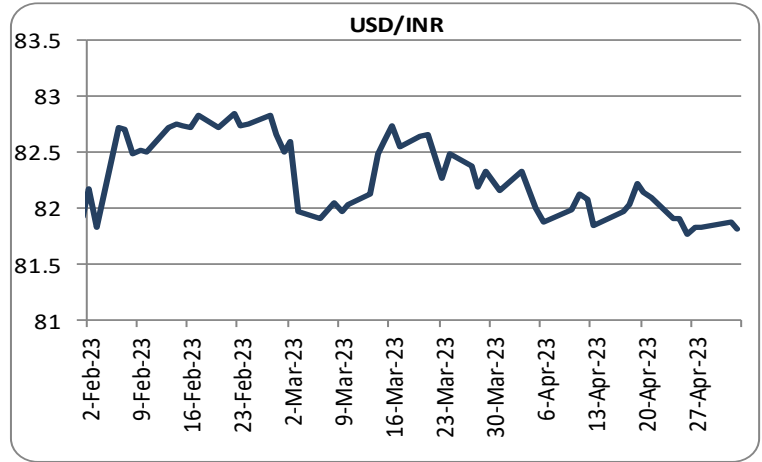
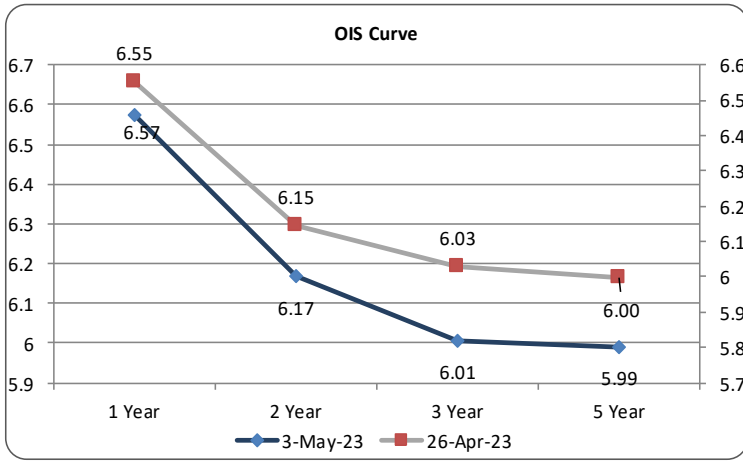
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
3-May-23	660	1696	-1035

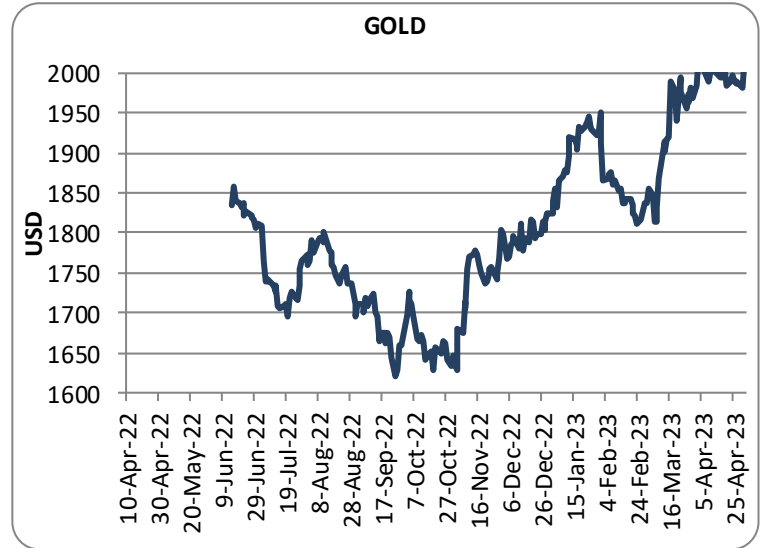
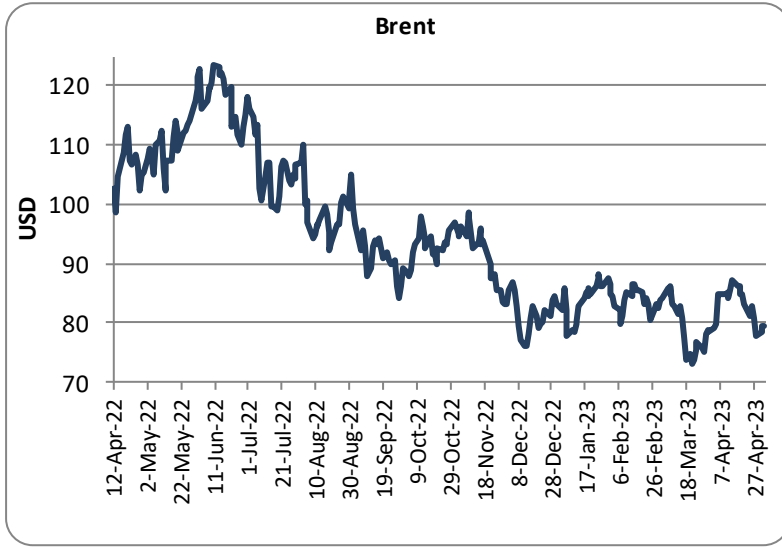
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	10113	7121	2992

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	10774	8817	1956

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Mar-23	1.3	3.9
CPI (%)	Mar-23	5.7	6.4
IIP (%)	Feb-23	5.6	5.2
PMI Manufacturing	Apr-23	57.2	56.4
PMI Service	Apr-23	62	57.8

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Euro Zone	03-May-23	6.60	6.60
Fed Fund Target Rate	USA	03-May-23	5-5.25	4.75-5
Retail Sales	Euro Zone	05-May-23	(3.10)	(3.00)
Unemployment Rate	USA	05-May-23	3.60	3.50
CPI	Germany	08-15-May-23	-	7.20
CPI	USA	10-May-23	-	5.00
Industrial Production	UK	10-15-May-23	-	(3.10)
CPI	China	11-May-23	-	7.20





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

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