



INDIA

Indian government bond yields ended steady on Wednesday after rising earlier in the day tracking the relentless surge in U.S. yields that sent the 10-year to a fresh 16-year peak.

The 10-year Indian benchmark bond yield closed at 7.2367%, after ending at 7.2327% in the previous session. Earlier in the day, it hit 7.2612%, its highest since April 18. Bond yields have strengthened in the past few days due to the increase in both global crude oil prices and U.S. yields.

The Federal Reserve's dot plot indicates the possibility of one more rate hike in 2023 and a smaller quantum of rate cuts in 2024, meaning rates will likely remain elevated for longer.

Those bets were further cemented after data showed U.S. job openings unexpectedly increased in August, which, in turn, sent the 10-year U.S. yield towards 4.85%, its highest since August 2007. The odds of another rate hike next month are above 30%. The Fed has raised rates by 525 basis points since March 2022.

At the end of this week, the Reserve Bank of India will hold its monetary policy meeting, at which the central bank is expected to pause, although the recent uptick in oil prices and sustained economic growth are likely to keep its focus on inflation.

Oil prices dropped through the day as pledges by Saudi Arabia and Russia to continue crude output cuts to the end of 2023 were offset by demand fears stemming from macroeconomic headwinds.

The Indian rupee weakened 0.04% versus the U.S. dollar, and quoted at 83.24 per dollar as likely U.S. dollar sales from Reserve Bank of India prevented a fall towards lifetime lows in the local unit which has been pressured by elevated U.S. treasury yields.

Repo: The weighted average call rates in the interbank segment decreased to 6.74% vs 6.77% as on the previous day while that the TREP segment remained the same at 6.75% vs 6.75% as on the previous day.

**Market Observations**

**G-sec**

- T-bill cut off was 2 bps higher than market expectations in all the maturity.
- Selling was seen in 8 to 10-year SDLs by life insurance companies and banks @7.50+ levels.
- Selling was seen in 3-year G-sec by foreign banks @7.30 centric levels

**Corporate Bonds**

- Mutual funds were buying in the 2026-2028 segment.

**CP/CD**

- Activity was seen throughout all the segments.

GOI Yield	4-Oct	3-Oct	27-Sep	5-Sep
1 Year	7.110	7.003	7.070	7.000
5 Year	7.257	7.254	7.177	7.187
10 Year	7.237	7.233	7.170	7.207

AAA Bmk	4-Oct	3-Oct	27-Sep	5-Sep
1 Year	7.71	7.68	7.52	7.45
5 Year	7.72	7.70	7.67	7.65
10 Year	7.65	7.63	7.62	7.62

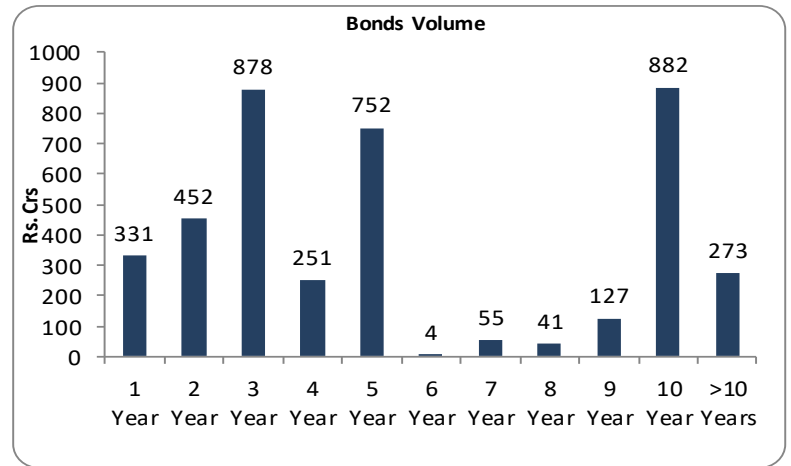
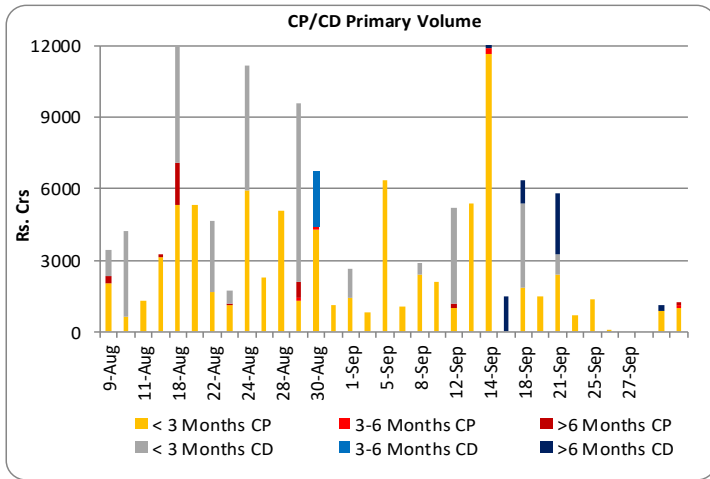
CD	4-Oct	3-Oct	27-Sep	5-Sep
3 Month	7.05	7.05	7.05	7.02
6 Month	7.35	7.35	7.20	7.20
1 Year	7.55	7.55	7.50	7.50

CP	4-Oct	3-Oct	27-Sep	5-Sep
3 Month	7.15	7.15	7.15	7.12
6 Month	7.40	7.40	7.30	7.35
1 Year	7.65	7.65	7.60	7.60

OIS Rate	4-Oct	3-Oct	27-Sep	5-Sep
1 Year	7.13	7.11	7.06	7.01
2 Year	6.91	6.90	6.81	6.75
3 Year	6.90	6.88	6.77	6.71
5 Year	6.90	6.86	6.75	6.67

	4-Oct	3-Oct	27-Sep	5-Sep
Sensex	65,226	65,512	66,119	65,780
Nifty	19,436	19,529	19,716	19,575
USD/INR	83.24	83.21	83.22	83.04
Gold (USD)	1,824	1,823	1,875	1,926
Oil (USD)	89.27	90.92	96.55	90.04

NDF	4-Oct	3-Oct	27-Sep	5-Sep
3 Month	83.64	83.64	83.61	83.42
1 Year	84.88	84.79	84.83	84.55
2 Year	86.76	86.90	86.93	86.74
3 Year	89.64	89.70	89.73	89.44



10 Year Benchmarks	4-Oct	3-Oct	27-Sep	5-Sep
India	7.24	7.24	7.17	7.21
US	4.79	4.80	4.63	4.27
South Korea	4.35	4.03	4.03	3.89
Russia	12.19	12.14	12.76	12.16
Brazil	12.12	11.88	12.07	11.23
Germany	2.95	2.96	2.83	2.61
China	2.72	2.72	2.72	2.64

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	7,790	#N/A	#N/A	#N/A	#N/A
7.06 2028	1,780	#N/A	#N/A	#N/A	#N/A
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	885	#N/A	#N/A	#N/A	7.23
6.64 2035	220	7.17	7.16	7.22	7.24
7.40 2035	-	7.20	7.18	7.24	7.23

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
27-Sep-23	4215	4204	11

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
27-Sep-23	7537	8330	-794

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
27-Sep-23	11751	12534	-783

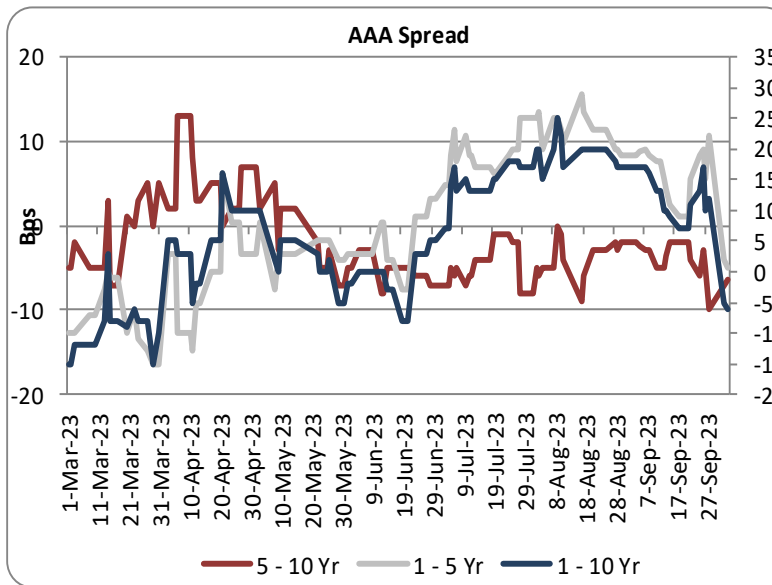
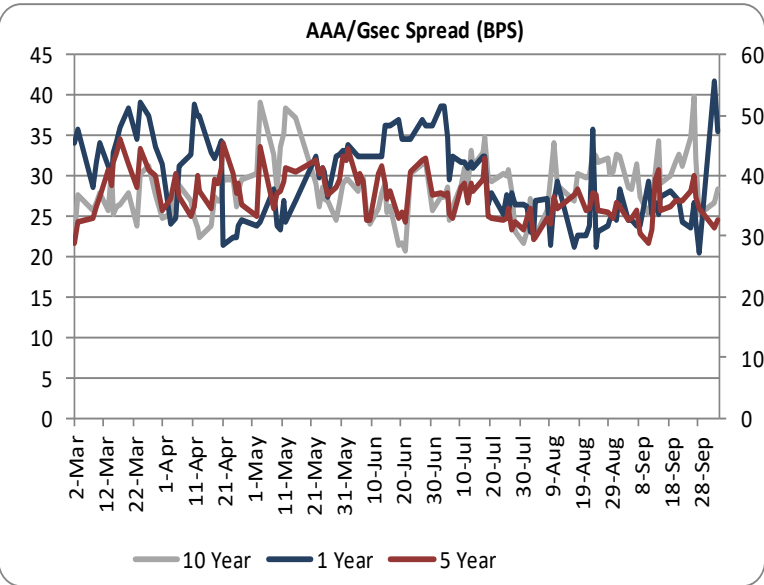
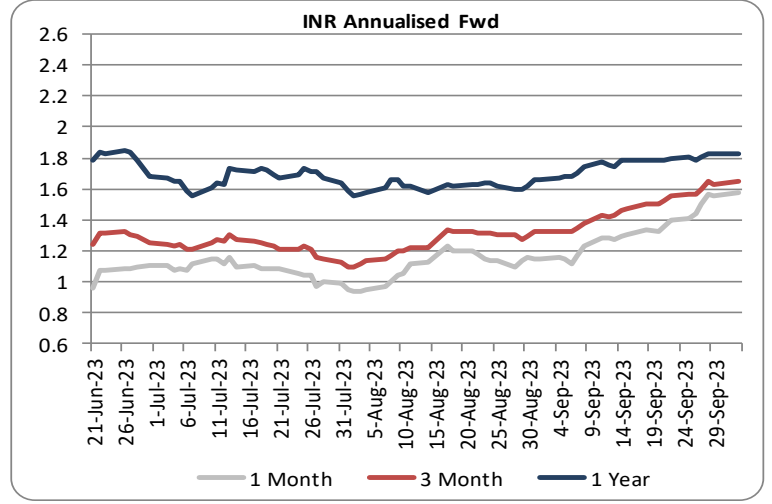
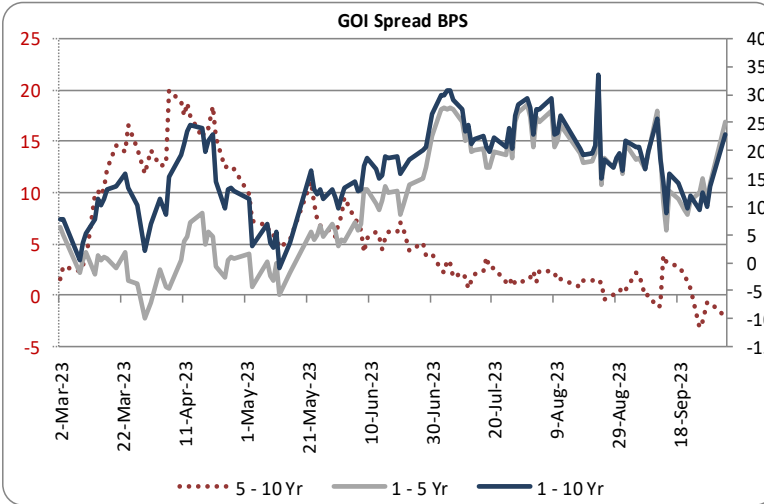
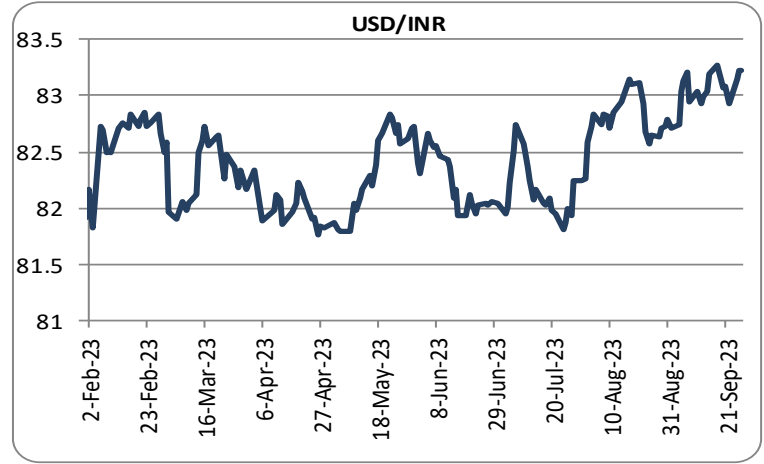
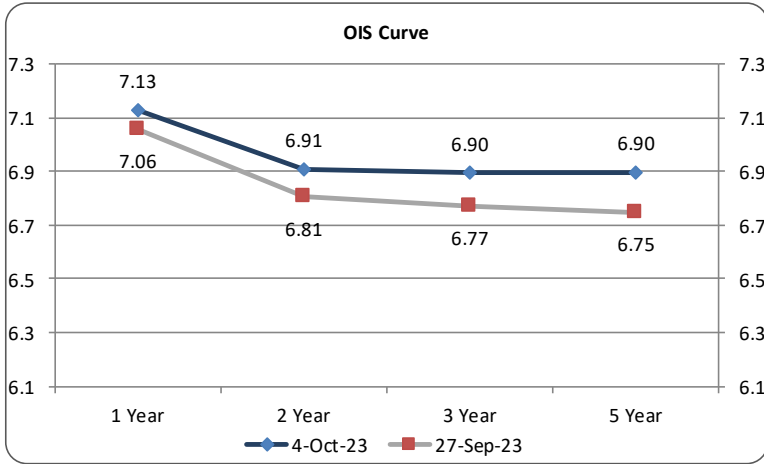
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
4-Oct-23	1956	558	1398

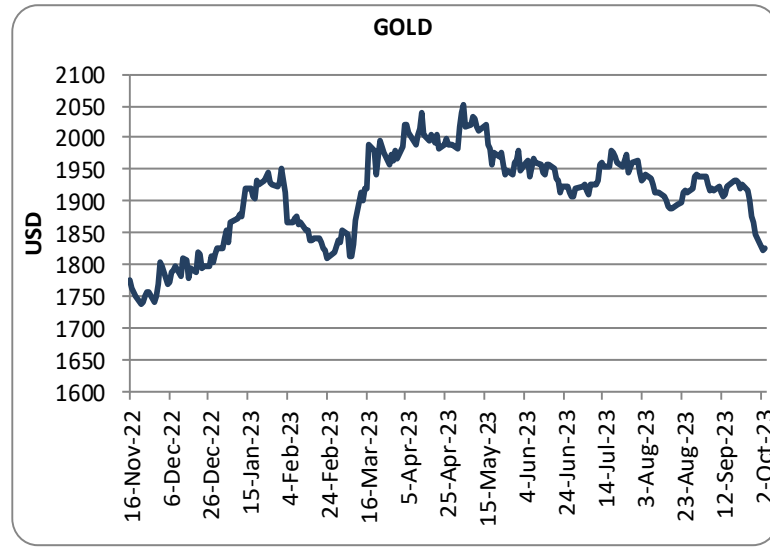
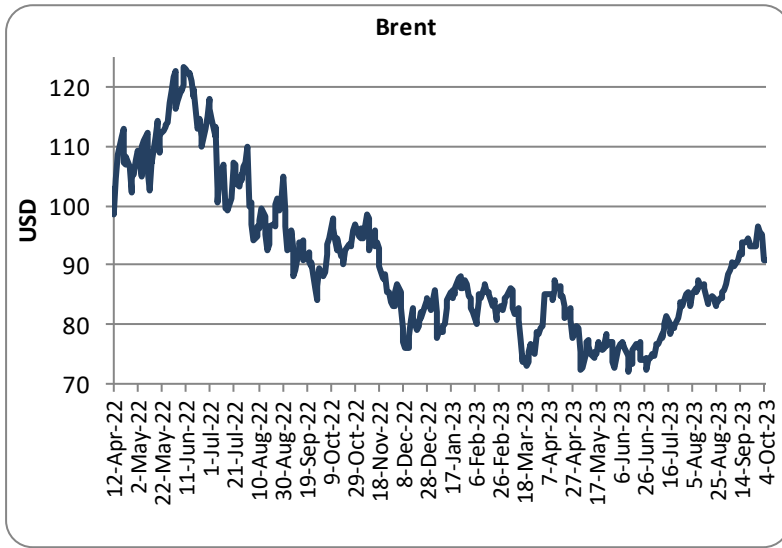
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
4-Oct-23	11641	12477	-836

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
4-Oct-23	13597	13034	562

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Jun-23	-9.2	-1.3
Trade Deficit (\$ Bn)	Jun-23	-56.6	-52.6
WPI (%)	Aug-23	-0.5	-1.4
CPI (%)	Aug-23	6.8	7.4
IIP (%)	Jul-23	5.7	3.7
PMI Manufacturing	Sep-23	57.5	58.6
PMI Service	Aug-23	60.1	62.3

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	22-Sep-23	0	3.3
Retail Sales	UK	22-Sep-23	(1.20)	(3.20)
BOJ Rate Decision	Japan	22-Sep-23	(0.10)	(0.10)
CPI	Germany	28-Sep-23	-	6.10
Unemployment Rate	Japan	29-Sep-23	-	2.70
Unemployment Rate	Euro Zone	02-Oct-23	-	6.40
Inflation	Indonesia	2nd - 6th Oct	-	3.27
Unemployment rate	Canada	2rd - 9th Oct	-	5.50





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

**LKP SECURITIES LTD.**, 203, Embassy Centre, Nariman Point, Mumbai- 400021

The information in this document has been printed based on publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand, or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.

For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

Visit our website - <http://www.lkpsec.com/>