



Indian government bond yields ended largely unchanged on Tuesday as traders continue to await fresh triggers, especially a key monetary policy decision from the central bank later this week.

The 10-year benchmark bond yield ended at 7.2571%, after closing the previous session at 7.2699%.

The Reserve Bank of India (RBI) will announce its policy decision on Friday. It is expected to hold rates at 6.50% for a fifth consecutive meeting. Market participants expect the policy tone to remain on the hawkish side, which is holding Indian bond yields steady despite a sharp plunge in U.S. Treasury yields over the last few weeks.

Stronger than expected growth in the second quarter will allow the central bank to focus on managing inflation.

Indian states have been borrowing more than more than planned since the start of the quarter, which has pushed up yield spreads over federal government bonds. The market expects a rise in gross borrowing from states in the current financial year.

Meanwhile, the U.S. 10-year yield hovered around the 4.25% mark during Asia hours, down over 75 bps over the last month-and-a-half, amid optimism around U.S. rate cuts early next year. The probability of the Federal Reserve cutting rates in May stands at around 80%, with a total of 125 bps of cuts expected in 2024.

Oil prices jumped by nearly 1% on Tuesday, lifted by uncertainty over voluntary output cuts by the OPEC+ group of producers and tensions in the Middle East.

The Indian rupee weakened 0.03% versus the U.S. dollar, and quoted at 83.38 per dollar, as likely intervention by the central bank offset local demand for the greenback.

Repo: The weighted average call rates in the interbank segment decreased to 6.72% vs 6.74% as on the previous day while that the TREP segment decreased to 6.74% vs 6.75% as on the previous day.

Market Observations

G-sec

- SDL cut off was in line with market expectation but a few bps higher in less than 10-year maturity.
- Demand was seen in 10 and 15-year illiquid G-sec by foreign banks.

Corporate Bonds

- Mutual funds were active on both sides up to 2026 maturity.
- Banks seen selling and insurance companies seen buying in the longer segment.

CP/CD

- Activity was seen in the 3-month segment.

GOI Yield	5-Dec	4-Dec	24-Nov	3-Nov
1 Year	7.140	7.140	7.130	7.120
5 Year	7.224	7.245	7.254	7.286
10 Year	7.257	7.270	7.270	7.314

AAA Bmk	5-Dec	4-Dec	24-Nov	3-Nov
1 Year	0.00	7.82	7.82	7.64
5 Year	0.00	7.82	7.84	7.78
10 Year	0.00	7.80	7.77	7.75

CD	5-Dec	4-Dec	24-Nov	3-Nov
3 Month	7.35	7.35	7.30	7.25
6 Month	7.60	7.60	7.60	7.55
1 Year	7.75	7.75	7.75	7.70

CP	5-Dec	4-Dec	24-Nov	3-Nov
3 Month	7.80	7.80	7.45	7.35
6 Month	8.00	8.00	7.70	7.65
1 Year	8.15	8.15	7.95	7.80

OIS Rate	5-Dec	4-Dec	24-Nov	3-Nov
1 Year	6.85	6.86	6.92	6.89
2 Year	6.56	6.57	6.65	6.61
3 Year	6.50	6.53	6.63	6.59
5 Year	6.47	6.49	6.60	6.59

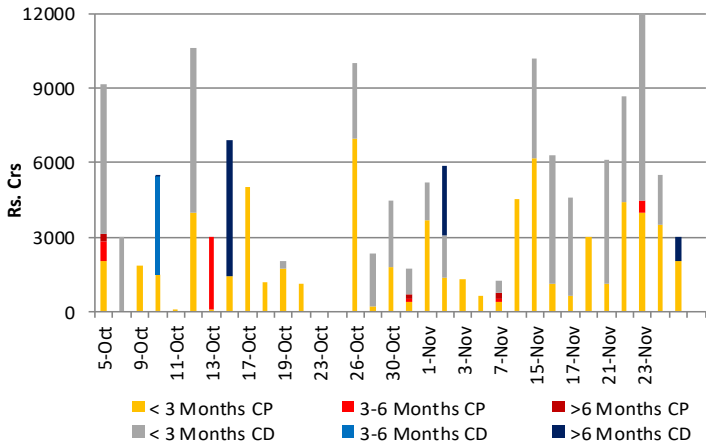
	5-Dec	4-Dec	24-Nov	3-Nov
Sensex	69,296	68,865	65,970	64,364
Nifty	20,855	20,687	19,795	19,231
USD/INR	83.38	83.37	83.37	83.29
Gold (USD)	2,022	2,030	2,002	1,992
Oil (USD)	78.35	78.03	80.58	84.89

10 Year Benchmarks	5-Dec	4-Dec	24-Nov	3-Nov
India	7.26	7.27	7.27	7.32
US	4.25	4.29	4.48	4.56
South Korea	3.59	3.62	3.78	4.11
Russia	12.38	12.28	12.03	12.15
Brazil	11.04	10.91	11.12	11.47
Germany	2.31	2.35	2.65	2.64
China	2.69	2.69	2.71	2.67

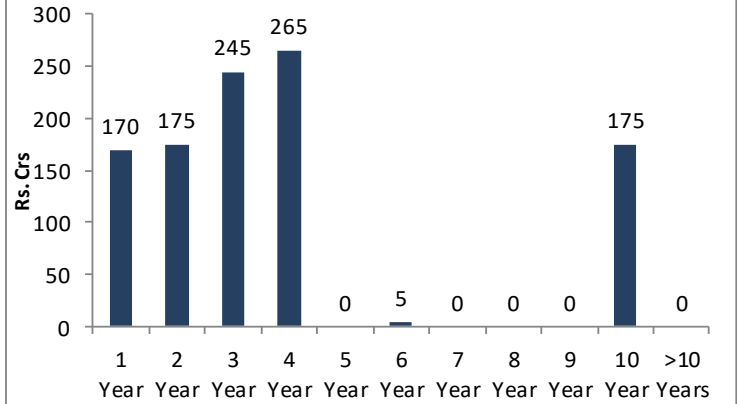
NDF	5-Dec	4-Dec	24-Nov	3-Nov
3 Month	83.59	83.62	83.55	83.39
1 Year	84.78	84.81	84.66	84.53
2 Year	86.67	87.21	86.81	86.53
3 Year	90.16	90.06	89.21	89.03



CP/CD Primary Volume



Bonds Volume (prev.)



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Top Traded Securities	Volume	16-Nov	15-Nov	9-Nov	18-Oct
7.26 2033	2,020	7.27	7.28	7.31	7.40
7.06 2028	1,715	7.38	7.37	7.41	7.48
7.62 2039	-	7.30	7.29	7.36	7.42
7.30 2053	810	7.42	7.42	7.44	7.53
6.64 2035	175	7.33	7.33	7.39	7.44
7.40 2035	530	7.35	7.33	7.35	7.44

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
4-Dec-23	9273	7165	2108

EQUITY	Gross Purchase	Gross Sales	Net Investment
	10418	8871	1547

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
19691	16037	3654

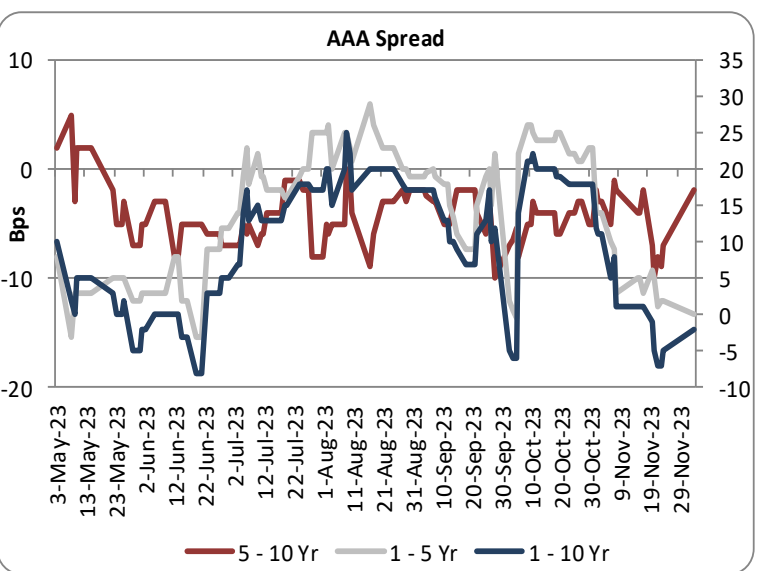
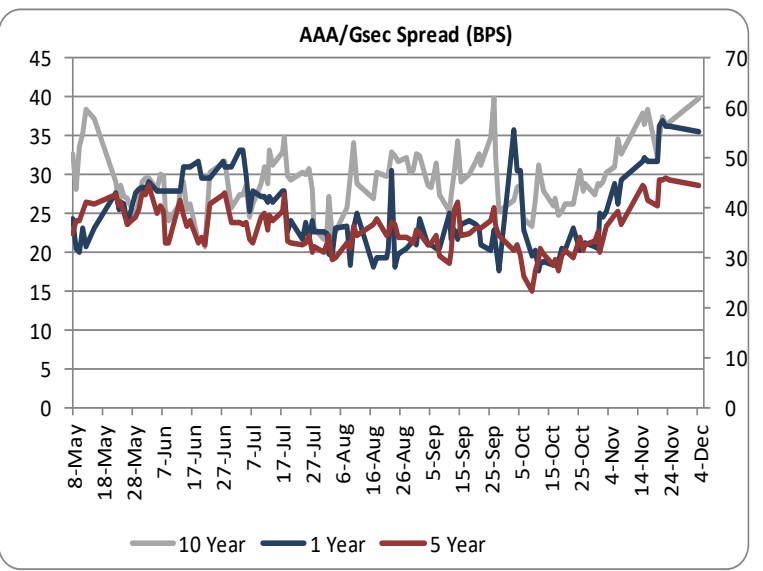
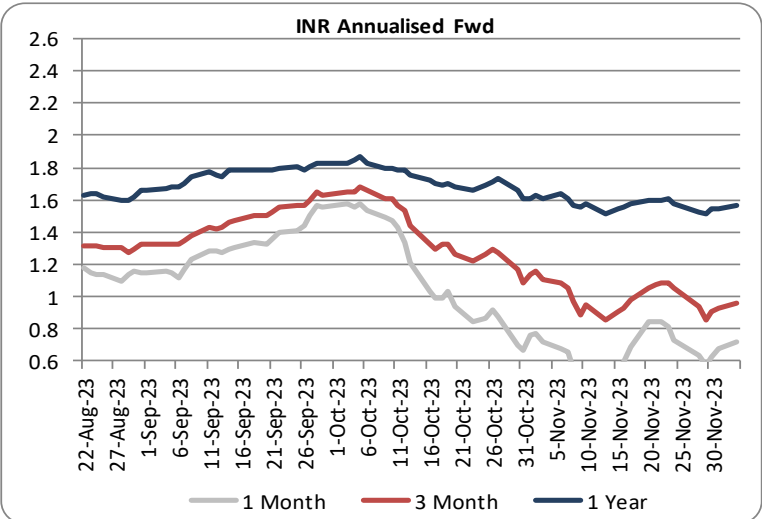
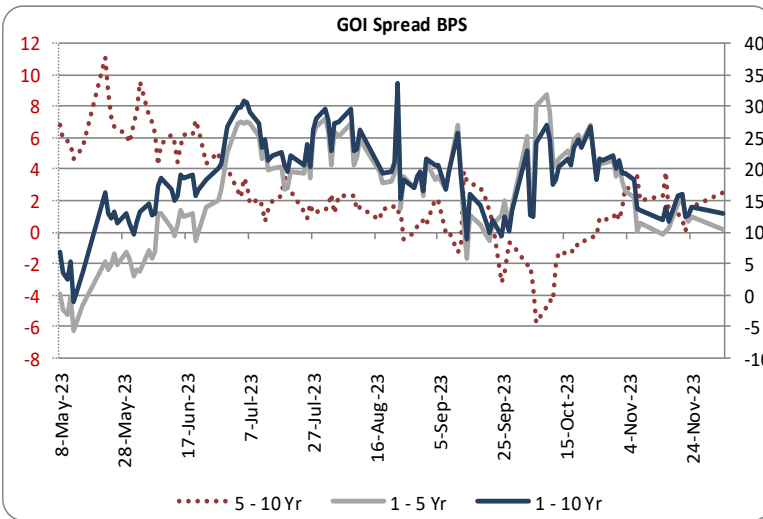
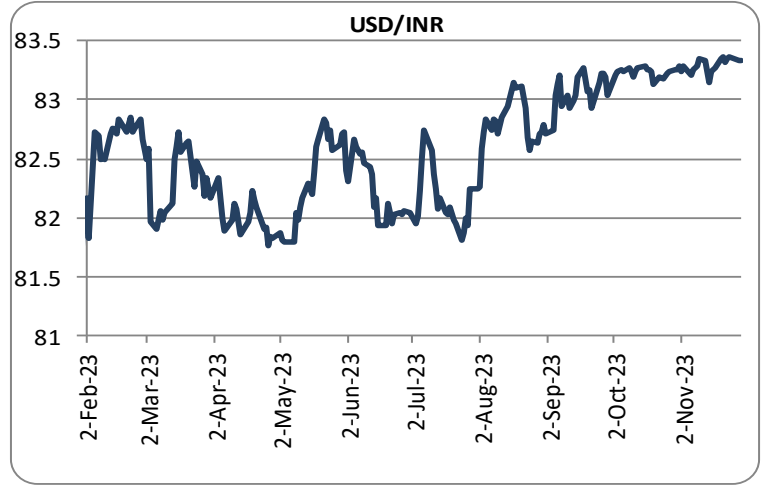
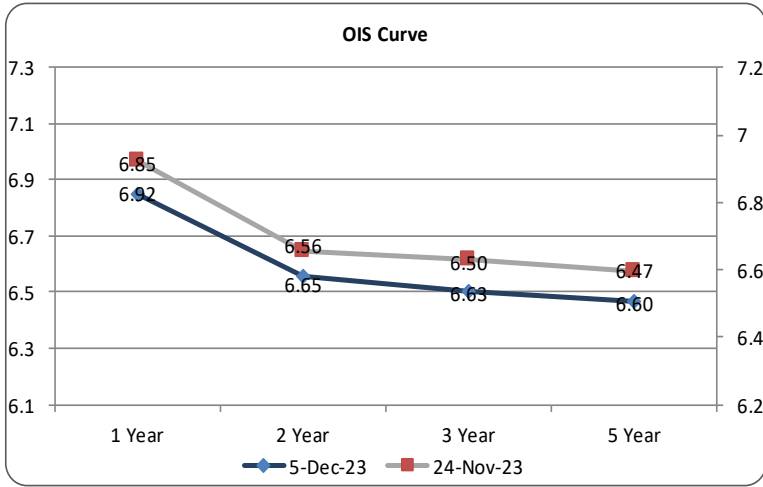
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
5-Dec-23	3300	663	2637

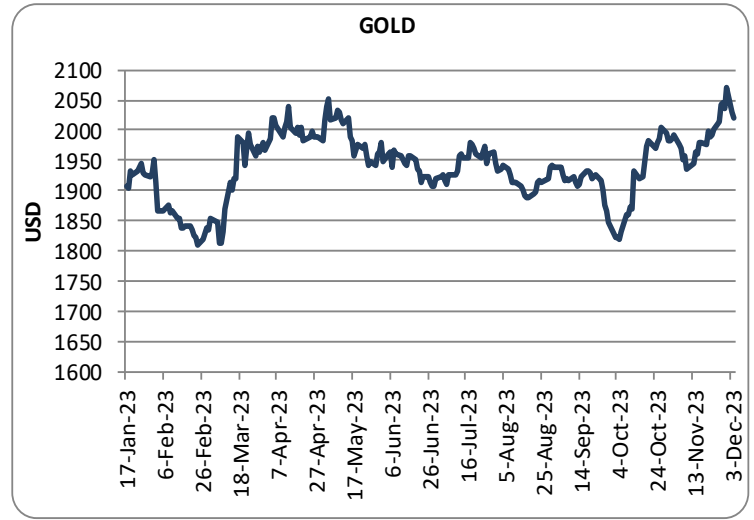
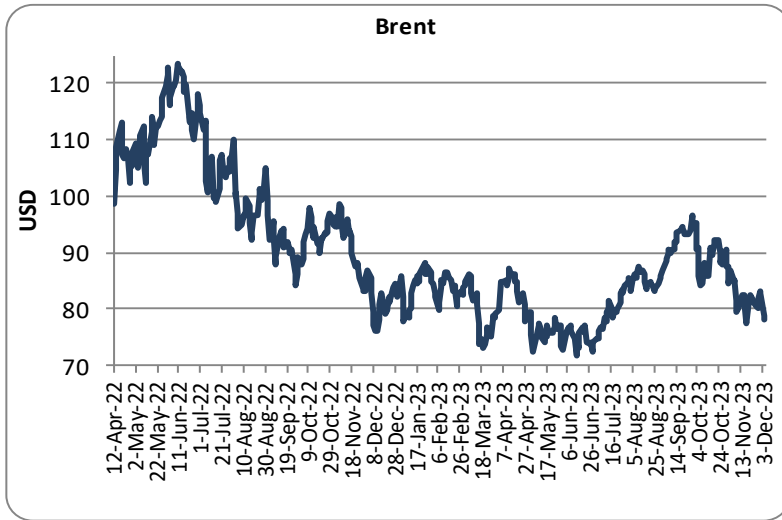
EQUITY	Gross Purchase	Gross Sales	Net Investment
	19528	14026	5502

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
22828	14689	8139

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Jun-23	-9.2	-1.3
Trade Deficit (\$ Bn)	Jun-23	-56.6	-52.6
WPI (%)	Oct-23	-0.5	-0.3
CPI (%)	Oct-23	4.9	5.0
IIP (%)	Sep-23	5.8	10.3
PMI Manufacturing	Nov-23	56	55.5
PMI Service	Nov-23	56.9	58.4

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	5-Dec-23	3.7	3.8
Retail Sales	Euro Zone	06-Dec-23	(0.90)	(2.90)
Industrial Production	Germany	07-Dec-23	-	(3.86)
Repo Rate	India	08-Dec-23	6.50	6.50
Unemployment Rate	USA	08-Dec-23	3.90	3.90
Unemployment Rate	UK	12-Dec-23	-	4.20
CPI	India	12-Dec-23	-	4.87
Industrial Output	India	12-Dec-23	-	5.80





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

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