



BONDWATCH

INDIA

Daily

June 06, 2023

Indian government bond yields ended marginally lower on Tuesday after the strong demand at the state debt auction, while traders awaited the outcome of the Reserve Bank of India's (RBI) monetary policy decision due later in the week.

The 10-year benchmark 7.26% 2033 bond yield ended at 6.9780%, after closing at 6.9958% in the previous session.

Indian states raised 173 billion rupees through the sale of bonds, at cutoff yields slightly lower than estimates.

The RBI's policy decision is due on June 8 and it is expected to leave the key interest rate unchanged at 6.50% for June and for the rest of 2023. The market will also closely watch for cues on the RBI's approach towards liquidity, even as interest rates are likely to remain unchanged.

Meanwhile, easing inflation in the U.S. has increased the bets of the Fed pausing its rate-hike cycle in the next meeting. The odds of a status quo on rates next week are currently at 77%. The U.S. central bank hiked its interest rates by 25 basis points in its May meeting and the Fed funds rate currently stands at 5.00-5.25%.

Gold prices traded in a narrow range on Tuesday as investors sought more clarity around the U.S. Federal Reserve's policy outlook.

The Indian rupee strengthened 0.07% versus the U.S. dollar, and quoted at 82.61 per dollar, unable to hold on to its opening gains on persistent cash and forward dollar demand.

Repo: The weighted average call rates in the interbank segment increased to 6.34% vs 6.32% as on the previous day while that the TREP segment increased to 6.30% vs 6.25% as on the previous day.

GOI Yield	6-Jun	5-Jun	30-May	8-May
1 Year	6.850	6.850	6.895	6.980
5 Year	6.908	6.921	6.954	6.981
10 Year	6.978	6.996	7.010	7.049

AAA Bmk	6-Jun	5-Jun	30-May	8-May
1 Year	7.40	7.40	7.45	7.48
5 Year	7.43	7.43	7.47	7.45
10 Year	7.40	7.40	7.40	7.50

CD	6-Jun	5-Jun	30-May	8-May
3 Month	6.85	6.85	7.00	7.20
6 Month	7.15	7.15	7.25	7.35
1 Year	7.40	7.40	7.45	7.45

CP	6-Jun	5-Jun	30-May	8-May
3 Month	6.95	6.95	7.10	7.30
6 Month	7.25	7.25	7.35	7.45
1 Year	7.50	7.50	7.55	7.55

OIS Rate	6-Jun	5-Jun	30-May	8-May
1 Year	6.58	6.59	6.58	6.62
2 Year	5.23	6.25	6.24	6.21
3 Year	6.11	6.13	6.13	6.02
5 Year	6.04	6.06	6.09	6.00

	6-Jun	5-Jun	30-May	8-May
Sensex	62,827	62,787	62,969	61,764
Nifty	18,612	18,594	18,634	18,264
USD/INR	82.61	82.67	82.71	81.80
Gold (USD)	1,962	1,962	1,959	2,021
Oil (USD)	75.36	76.71	73.54	77.01

NDF	6-Jun	5-Jun	30-May	8-May
3 Month	82.89	82.80	83.00	82.13
1 Year	84.05	83.95	84.12	83.48
2 Year	86.24	86.10	86.34	85.94
3 Year	88.99	88.80	89.14	88.84

Market Observations

G-sec

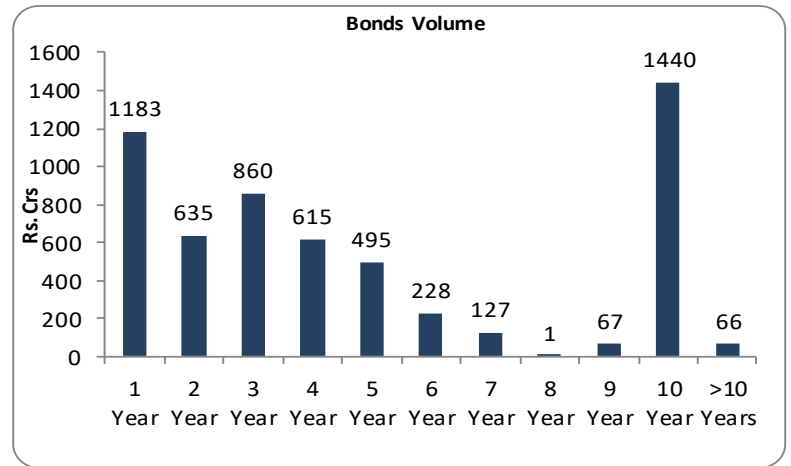
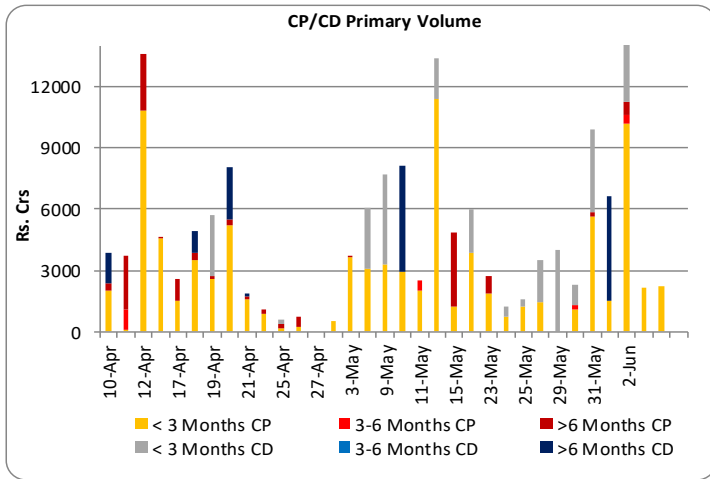
- Mutual funds were active in the shorter end SDLs.
- SDL cut-off was in line with market expectations.

Corporate Bonds

- Insurance companies were seen buying in the longer end.
- Demand was seen in 2026 maturity PSU's.

CP/CD

- Selling was seen in the 6-month segment and buying in the 9-month segment.



10 Year Benchmarks	6-Jun	5-Jun	30-May	8-May
India	6.98	7.00	7.01	7.05
US	3.66	3.69	3.70	3.52
South Korea	3.56	3.56	3.65	3.31
Russia	10.82	10.81	10.75	10.65
Brazil	11.30	11.22	11.57	12.28
Germany	2.32	2.37	2.34	2.32
China	2.71	2.72	2.73	2.75

Top Traded Securities	Volume	6-Jun	5-Jun	30-May	8-May
5.74 2026	5	#N/A	6.90	6.90	6.93
7.38 2027	10	6.91	6.92	6.95	6.98
7.10 2029	-	6.95	6.97	6.99	7.03
6.54 2032	-	7.03	7.04	7.06	7.12
7.26 2032	#VALUE!	7.02	7.04	7.05	7.09
7.54 2036	-	#N/A	7.11	7.11	7.15

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
31-May-23	6196	6186	10

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	2608	2549	59

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	8804	8735	68

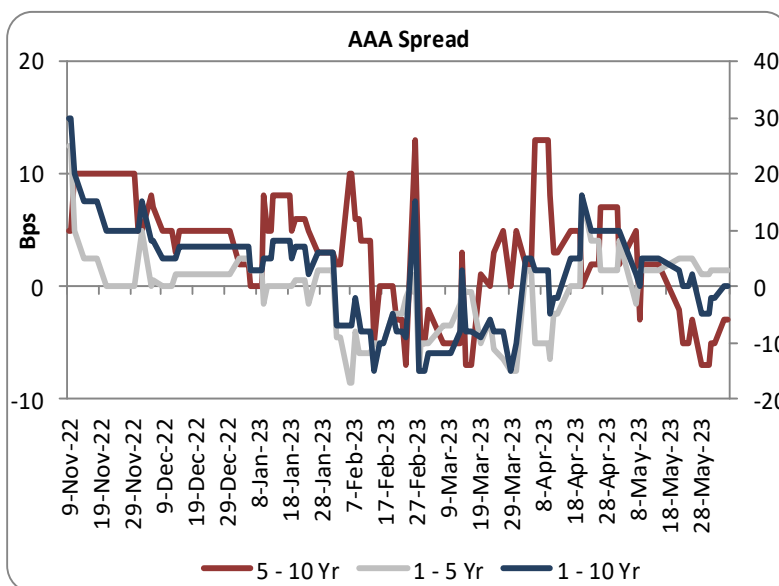
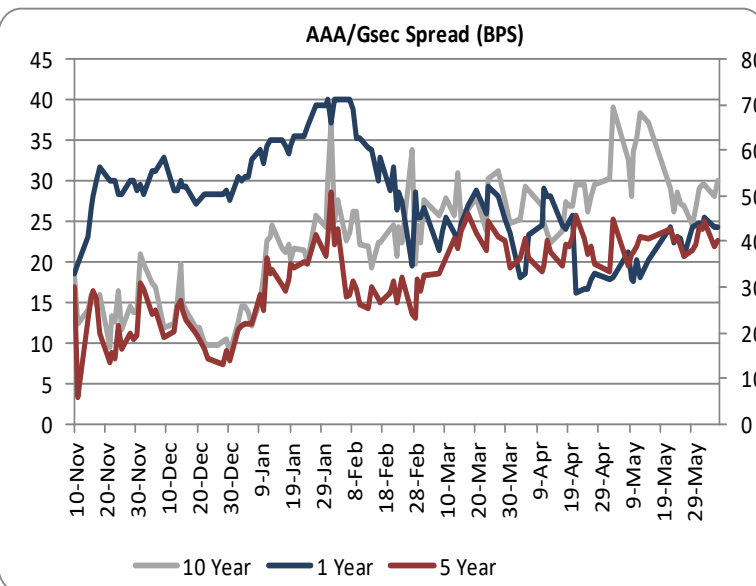
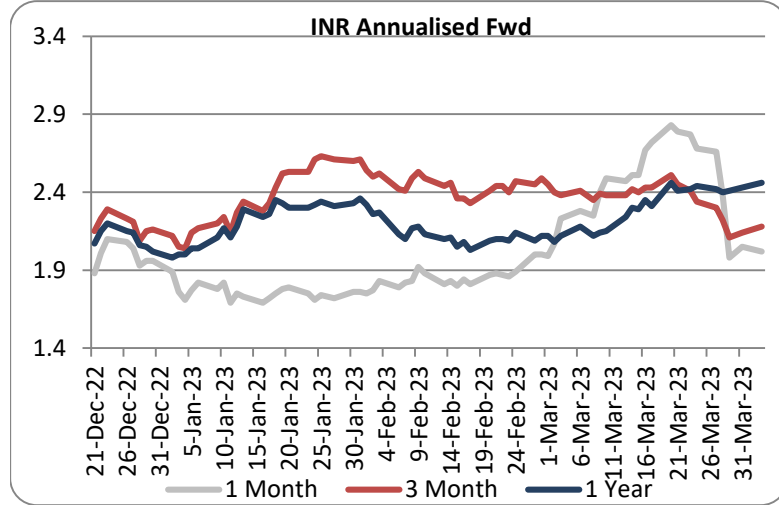
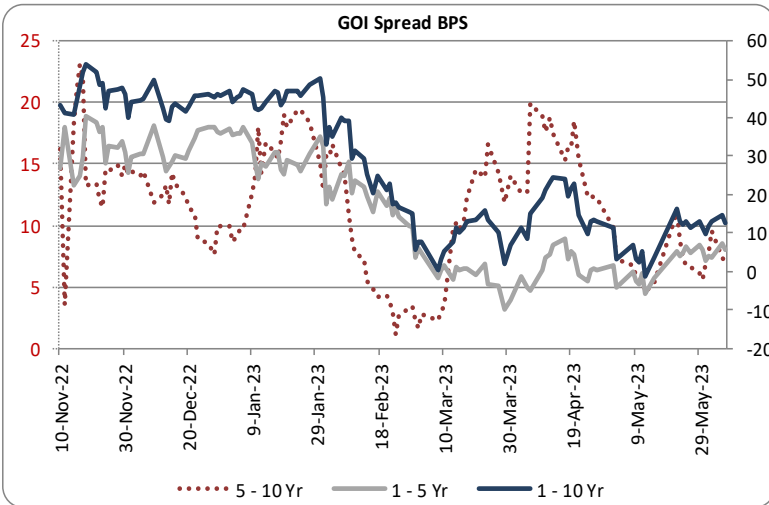
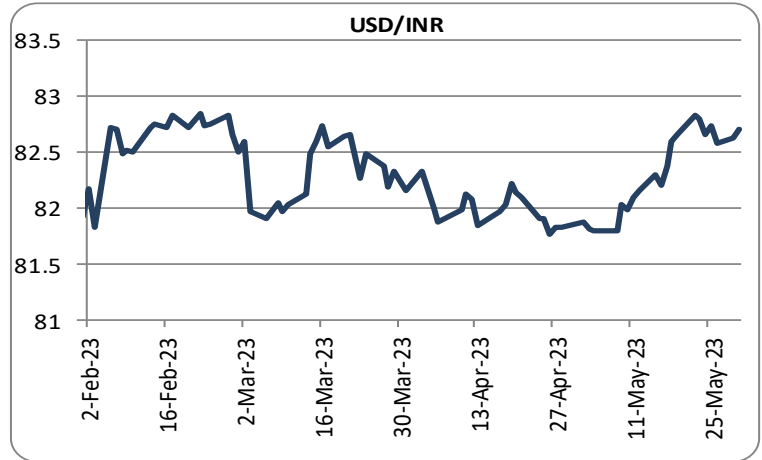
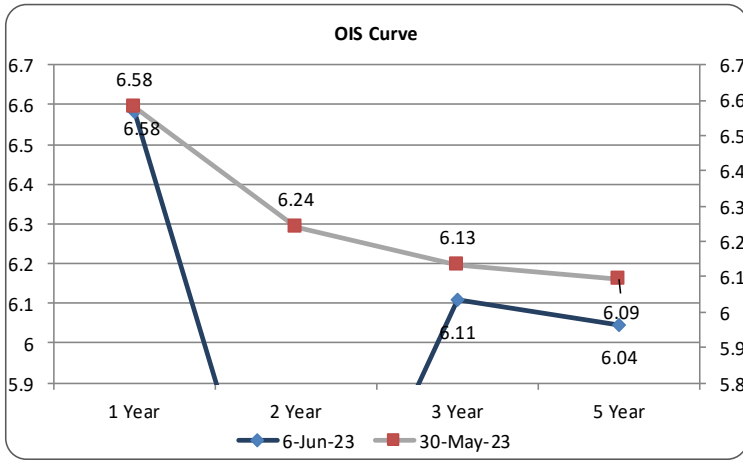
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
6-Jun-23	878	418	460

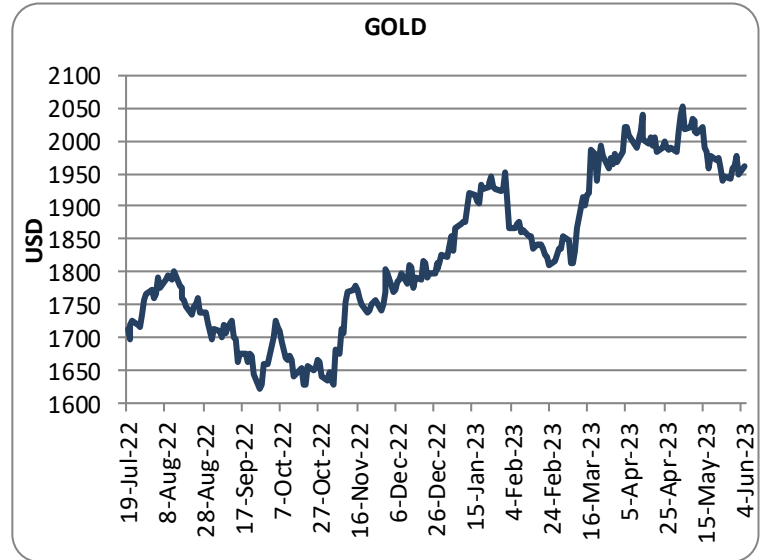
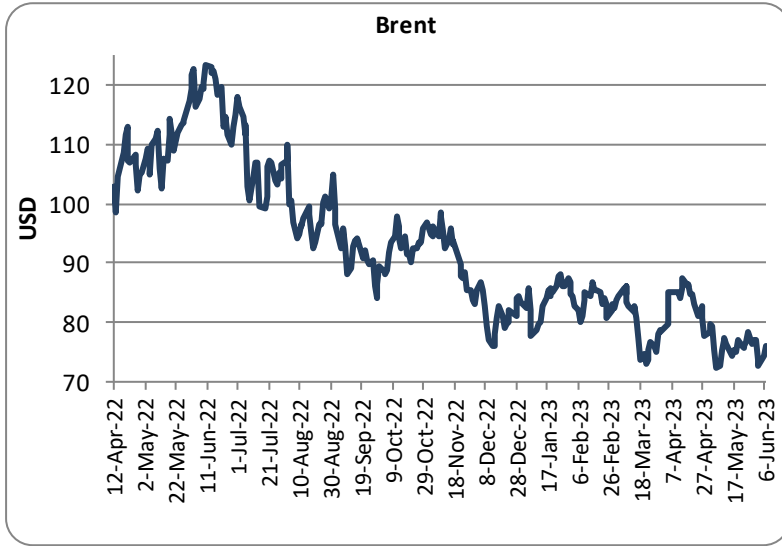
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	7772	8285	-513

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	8650	8703	-53

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jan-00	6.1	4.4
CAD (\$ Bn)	#####	0.0	0.0
Trade Deficit (\$ Bn)	Jan-00	0.0	0.0
WPI (%)	Apr-23	-0.9	1.3
CPI (%)	Apr-23	4.7	5.7
IIP (%)	Mar-23	1.1	5.6
PMI Manufacturing	May-23	58.7	57.2
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Japan	30-May-23	0	2.8
GDP YY	Switzerland	30-May-23	-	0.80
CPI	Germany	31-May-23	-	7.20
Industrial Output	Russia	31-May-23	5.30	1.20
GDP YY	Brazil	02-Jun-23	-	1.90
Retail Sales	Euro Zone	06-Jun-23	-	(3.80)
GDP YY	South Africa	06-Jun-23	-	0.90
Industrial Output	Germany	07-Jun-23	-	1.56





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

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