



BONDWATCH

Daily

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INDIA

Indian government bond yields soared on Friday, with the benchmark 10-year yield posting its biggest single-day jump in 14 months after the Reserve Bank of India surprised markets with its intention to conduct open market sale of bonds via auctions.

The 10-year benchmark bond yield closed at 7.3412%, the highest level since March 23, after ending at 7.2140% in the previous session. The yield had risen to 7.3612% earlier in the day. The yield posted its biggest single session rise since August 5, 2022, and jumped 13 basis points this week, biggest such rise since week ended May 6, 2022.

The RBI kept its key repo rate unchanged for a fourth consecutive policy meeting on Friday, which was on expected lines, and said it plans to conduct open market sale of bonds through auctions to manage liquidity in the system.

The central bank, however, did not provide a calendar for the sales, and uncertainty over the timing will dominate sentiment and keep yields elevated.

Overall, participants felt the monetary policy tilted towards the hawkish side, with the RBI stressing on meeting its inflation target of 4% after it maintained its policy stance of "withdrawal of accommodation" to ensure inflation progressively aligns with the committee's target.

Oil prices were stable on Friday but were on course for a week-on-week loss, as demand fears driven by macroeconomic headwinds were compounded by another partial lifting of Russia's fuel export ban on Friday.

The Indian rupee was flat at 83.24 per U.S. dollar on the day, but posted its second weekly loss in a row, pressured by a surge in U.S. treasury yields and a stronger greenback.

Repo: The weighted average call rates in the interbank segment increased to 6.74% vs 6.73% as on the previous day while that the TREP segment remained the same at 6.75% vs 6.75% as on the previous day.

GOI Yield	6-Oct	5-Oct	28-Sep	7-Sep
1 Year	7.100	7.090	7.100	7.010
5 Year	7.399	7.250	7.243	7.178
10 Year	7.341	7.214	7.236	7.177

AAA Bmk	6-Oct	5-Oct	28-Sep	7-Sep
1 Year	7.58	7.69	7.50	7.45
5 Year	7.80	7.69	7.72	7.65
10 Year	7.72	7.63	7.62	7.62

CD	6-Oct	5-Oct	28-Sep	7-Sep
3 Month	7.15	7.05	7.05	7.05
6 Month	7.35	7.35	7.20	7.25
1 Year	7.60	7.55	7.50	7.50

CP	6-Oct	5-Oct	28-Sep	7-Sep
3 Month	7.25	7.15	7.15	7.12
6 Month	7.45	7.40	7.30	7.35
1 Year	7.70	7.65	7.60	7.60

OIS Rate	6-Oct	5-Oct	28-Sep	7-Sep
1 Year	7.06	7.08	7.10	7.02
2 Year	6.86	6.84	6.88	6.77
3 Year	6.88	6.82	6.85	6.73
5 Year	6.86	6.81	6.83	6.68

	6-Oct	5-Oct	28-Sep	7-Sep
Sensex	65,996	65,632	65,508	66,266
Nifty	19,654	19,546	19,524	19,727
USD/INR	83.25	83.25	83.19	83.21
Gold (USD)	1,820	1,820	1,865	1,919
Oil (USD)	83.93	84.07	95.38	89.92

NDF	6-Oct	5-Oct	28-Sep	7-Sep
3 Month	83.56	83.65	83.52	83.54
1 Year	84.78	84.95	84.70	84.67
2 Year	86.88	87.05	86.80	86.81
3 Year	89.48	89.65	89.60	89.51

Market Observations

G-sec

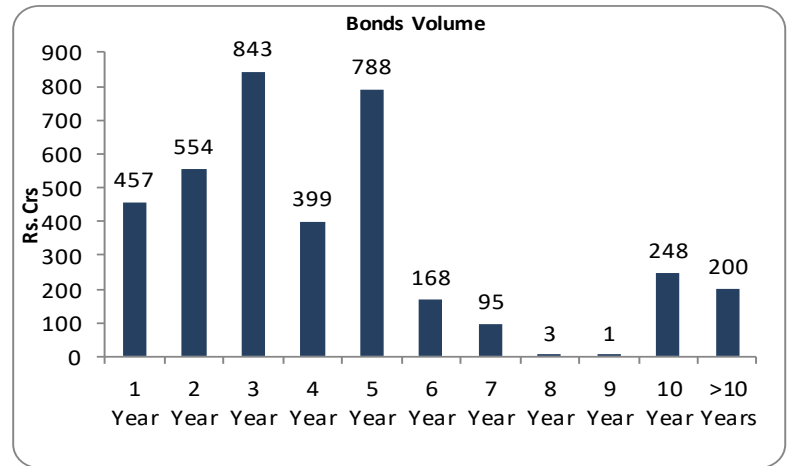
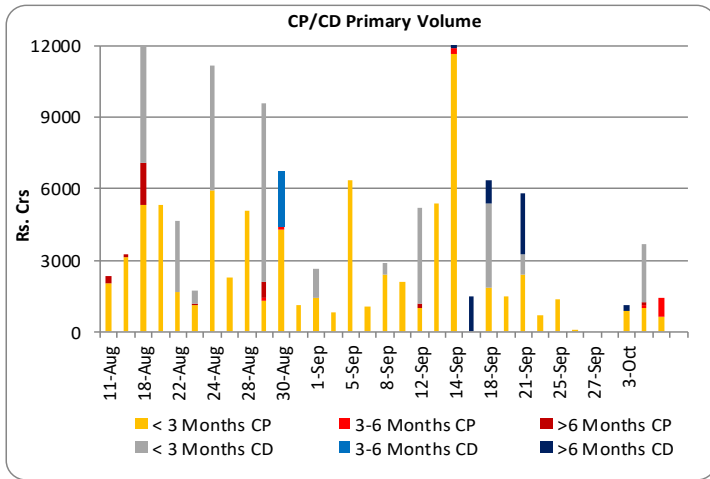
- Sell off was seen in 3 to 5-year G-sec from 7.35 to 7.40 levels post RBI monetary policy.
- Demand was seen by PF's and insurances in longer end SDL's.

Corporate Bonds

- Market yields moved up tracking G-sec levels.
- Insurance and banks were on the buying side across all maturities.

CP/CD

- Activity was seen in the 1-6-month segment.



10 Year Benchmarks	6-Oct	5-Oct	28-Sep	7-Sep
India	7.34	7.21	7.24	7.17
US	4.74	4.72	4.60	4.26
South Korea	4.24	4.33	4.03	3.98
Russia	12.27	12.24	12.87	12.46
Brazil	11.98	11.98	11.92	11.36
Germany	2.91	2.89	2.97	2.62
China	2.72	2.72	2.72	2.67

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	9,835	7.20	7.17	7.18	7.15
7.06 2028	5,325	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	1,440	7.35	7.33	7.33	7.36
6.64 2035	500	7.17	7.16	7.22	7.24
7.40 2035	55	7.20	7.18	7.24	7.23

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
4-Oct-23	5406	4267	1139

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
4-Oct-23	3854	2599	1255

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
4-Oct-23	9260	6866	2394

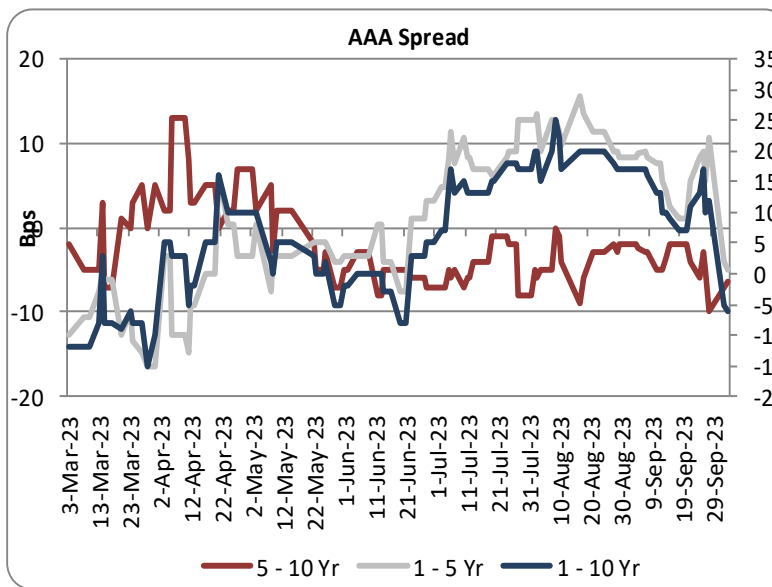
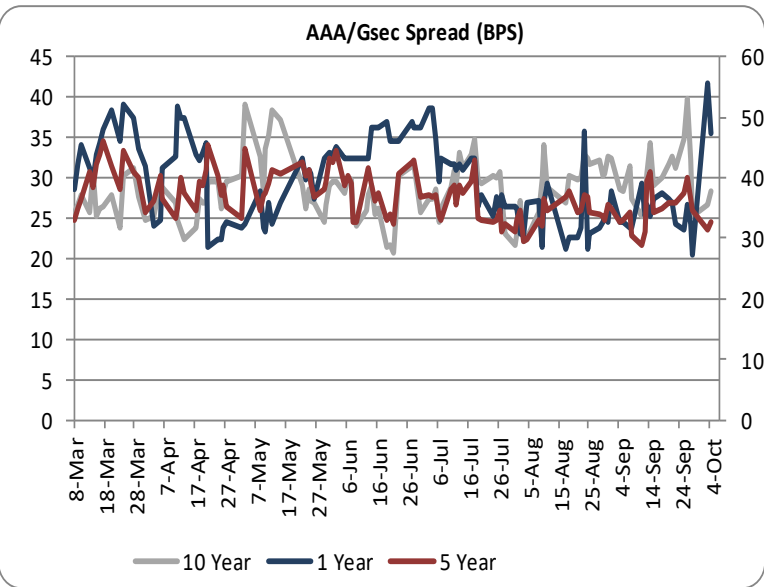
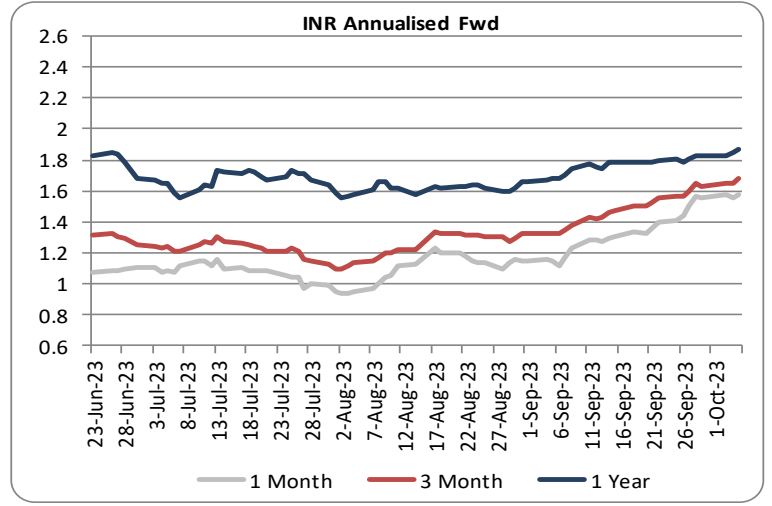
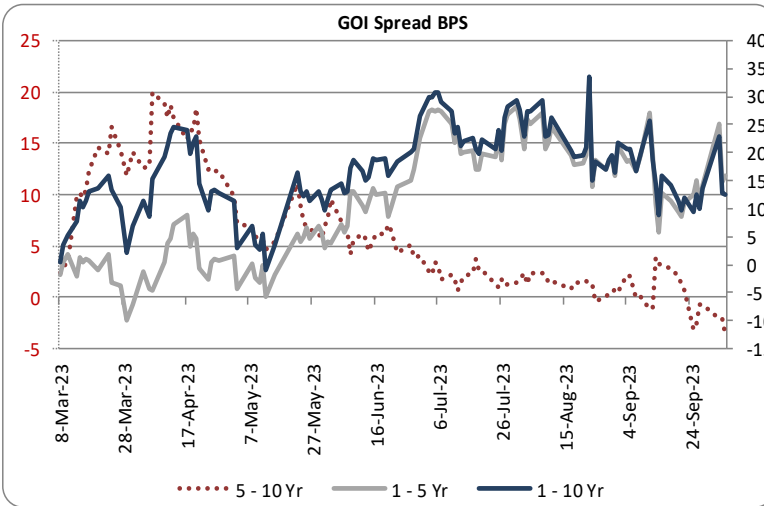
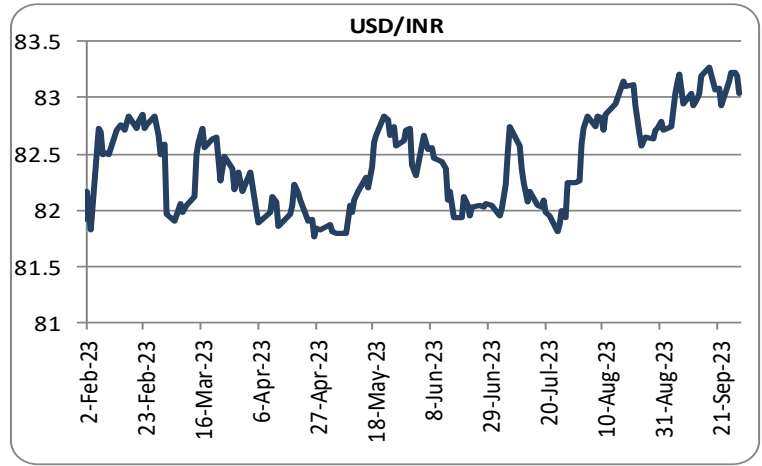
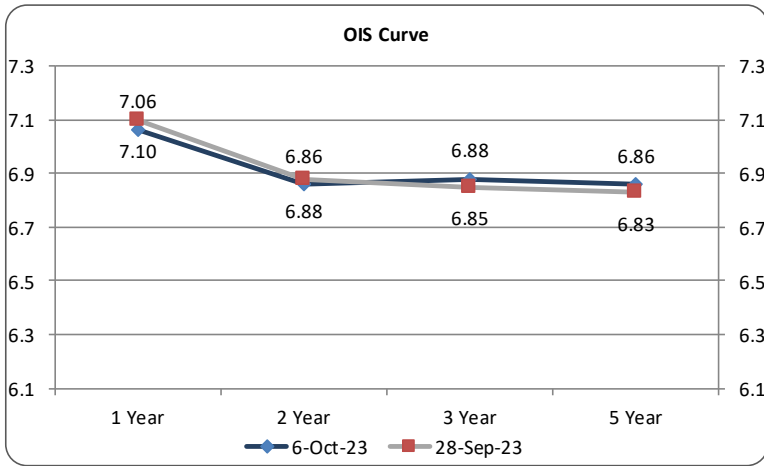
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
6-Oct-23	414	137	277

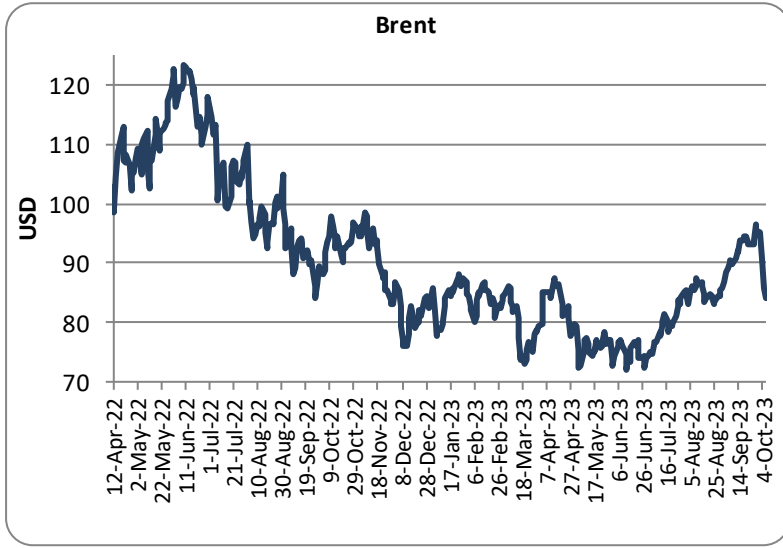
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
6-Oct-23	11600	11938	-337

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
6-Oct-23	12014	12074	-61

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	Sep-23	61	60.1

Economic Calender	Country	Date	Poll	Prior
Repo Rate	India	6-Oct-23	6.5	6.5
Unemployment Rate	USA	06-Oct-23	3.70	3.80
Industrial Output	Germany	09-Oct-23	-	(2.25)
CPI	Germany	11-Oct-23	-	4.50
CPI	India	12-Oct-23	-	6.83
CPI	USA	12-Oct-23	-	3.70
CPI	China	13-Oct-23	-	0.10
WPI	India	13-Oct-23	-	(0.52)





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

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