



# BONDWATCH

Daily

March 07, 2024

INDIA

Indian government bond yields ended lower on Thursday, as U.S. bond yields declined after commentary from Federal Reserve Chair Jerome Powell cemented hopes of a rate cut later this year, while investors awaited a key U.S. jobs data.

The benchmark 10-year Indian bond yield ended at 7.0312%, lower than its previous close of 7.0548%.

U.S. yields declined, with the 10-year yield, dropping to a one-month low of 4.07% on Wednesday, after Powell said that continued progress on inflation "is not assured", but the central bank still expects to reduce rates later this year.

The odds for a rate cut in May have now eased to 17% from 25% a day ago, while that for a rate action in June stand at 70%, up from 63% in the previous week.

Back home, broader market sentiment remained positive after inclusion of Indian government notes in Bloomberg's Emerging Market Local Currency Index. The market expects inflows of less than \$5 billion from January 2025 onwards. JPMorgan was the first to announce India's inclusion in its widely-tracked emerging market debt index last year, setting the stage for billions of dollars of inflows into the world's fifth-largest economy starting June.

Traders now await February U.S. non-farm payroll data, due on Friday, which would also be a major factor for the Fed to take a call on the timing of its first rate cut.

The Indian rupee strengthened 0.04% versus the U.S. dollar, and quoted at 82.68, after hitting its highest level in six months earlier in the session, as likely intervention from the central bank limited the currency's rise.

Repo: The weighted average call rates in the interbank segment increased to 6.54% vs 6.44% as on the previous day while that the TREP segment increased to 6.60% vs 6.35% as on the previous day.

## Market Observations

### G-sec

- Selling was seen in 2025 maturity G-sec @7.05 levels and SDLs @7.30 levels by Corporate and insurance companies respectively.
- Selling was seen in 8-year illiquid G-sec by private banks @7.07 levels.

### Corporate Bonds

- Major activity was seen in 2026-2028 papers.
- Banks were major sellers and Mutual funds were active on both sides.

### CP/CD

- Major activity was seen in the 1 to 3-month segment.

| GOI Yield | 7-Mar | 6-Mar | 28-Feb | 7-Feb |
|-----------|-------|-------|--------|-------|
| 1 Year    | 7.080 | 7.080 | 7.105  | 7.110 |
| 5 Year    | 7.032 | 7.050 | 7.044  | 7.028 |
| 10 Year   | 7.031 | 7.055 | 7.066  | 7.072 |

| AAA Bmk | 7-Mar | 6-Mar | 28-Feb | 7-Feb |
|---------|-------|-------|--------|-------|
| 1 Year  | 7.85  | 7.85  | 7.90   | 7.90  |
| 5 Year  | 7.60  | 7.60  | 7.65   | 7.62  |
| 10 Year | 7.55  | 7.55  | 7.57   | 7.60  |

| CD      | 7-Mar | 6-Mar | 28-Feb | 7-Feb |
|---------|-------|-------|--------|-------|
| 3 Month | 7.65  | 7.65  | 7.70   | 7.80  |
| 6 Month | 7.70  | 7.70  | 7.75   | 7.85  |
| 1 Year  | 7.75  | 7.75  | 7.75   | 7.85  |

| CP      | 7-Mar | 6-Mar | 28-Feb | 7-Feb |
|---------|-------|-------|--------|-------|
| 3 Month | 7.80  | 7.80  | 7.80   | 7.95  |
| 6 Month | 7.85  | 7.85  | 7.85   | 7.95  |
| 1 Year  | 7.90  | 7.90  | 7.90   | 8.00  |

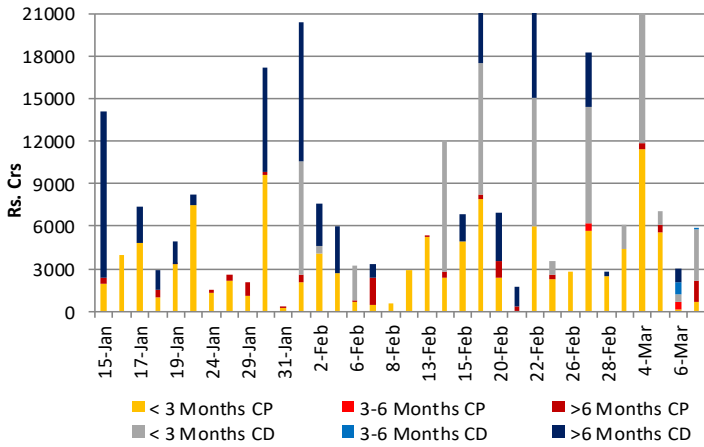
| OIS Rate | 7-Mar | 6-Mar | 28-Feb | 7-Feb |
|----------|-------|-------|--------|-------|
| 1 Year   | 6.71  | 6.72  | 6.73   | 6.61  |
| 2 Year   | 6.38  | 6.41  | 6.42   | 6.29  |
| 3 Year   | 6.32  | 6.36  | 6.37   | 6.25  |
| 5 Year   | 6.28  | 6.32  | 6.35   | 6.21  |

|            | 7-Mar  | 6-Mar  | 28-Feb | 7-Feb  |
|------------|--------|--------|--------|--------|
| Sensex     | 74,119 | 74,086 | 72,305 | 72,152 |
| Nifty      | 22,494 | 22,474 | 21,951 | 21,931 |
| USD/INR    | 82.79  | 82.82  | 82.92  | 82.97  |
| Gold (USD) | 2,155  | 2,148  | 2,035  | 2,034  |
| Oil (USD)  | 82.19  | 82.96  | 83.68  | 79.21  |

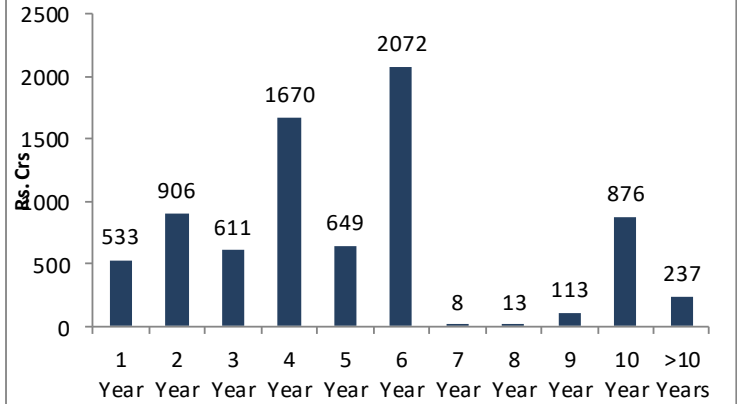
| NDF     | 7-Mar | 6-Mar | 28-Feb | 7-Feb |
|---------|-------|-------|--------|-------|
| 3 Month | 82.86 | 82.92 | 83.05  | 83.27 |
| 1 Year  | 83.99 | 84.17 | 84.27  | 84.45 |
| 2 Year  | 86.29 | 86.33 | 86.37  | 86.73 |
| 3 Year  | 89.17 | 88.78 | 88.82  | 89.38 |



CP/CD Primary Volume



Bonds Volume (prev.)



| 10 Year Benchmarks | 7-Mar | 6-Mar | 28-Feb | 7-Feb |
|--------------------|-------|-------|--------|-------|
| India              | 7.03  | 7.05  | 7.07   | 7.07  |
| US                 | 4.10  | 4.10  | 4.27   | 4.11  |
| South Korea        | 3.40  | 3.38  | 3.44   | 3.38  |
| Russia             | 13.26 | 13.19 | 12.78  | 12.41 |
| Brazil             | 10.65 | 10.65 | 10.85  | 10.62 |
| Germany            | 2.31  | 2.33  | 2.46   | 2.30  |
| China              | 2.30  | 2.28  | 2.38   | 2.45  |

| Top Traded Securities | Volume | 5-Mar | 4-Mar | 27-Feb | 5-Feb |
|-----------------------|--------|-------|-------|--------|-------|
| 7.26 2033             | 1,200  | 7.09  | 7.10  | 7.10   | 7.12  |
| 7.06 2028             | 870    | 7.07  | 7.08  | 7.07   | 7.04  |
| 7.62 2039             | -      | 7.10  | 7.10  | 7.10   | 7.11  |
| 7.30 2053             | 1,020  | 7.12  | 7.12  | 7.16   | 7.16  |
| 6.64 2035             | 750    | 7.13  | 7.11  | 7.12   | 7.13  |
| 7.40 2035             | 100    | 7.14  | 7.11  | 7.12   | 7.10  |

| MF       | DEBT           |             |                |
|----------|----------------|-------------|----------------|
|          | Gross Purchase | Gross Sales | Net Investment |
| 5-Mar-24 | 7792           | 6142        | 1650           |

| EQUITY | Gross Purchase | Gross Sales | Net Investment |
|--------|----------------|-------------|----------------|
|        | 12963          | 15738       | -2775          |

| TOTAL (Rs.Crs) |             |                |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 20755          | 21880       | -1125          |

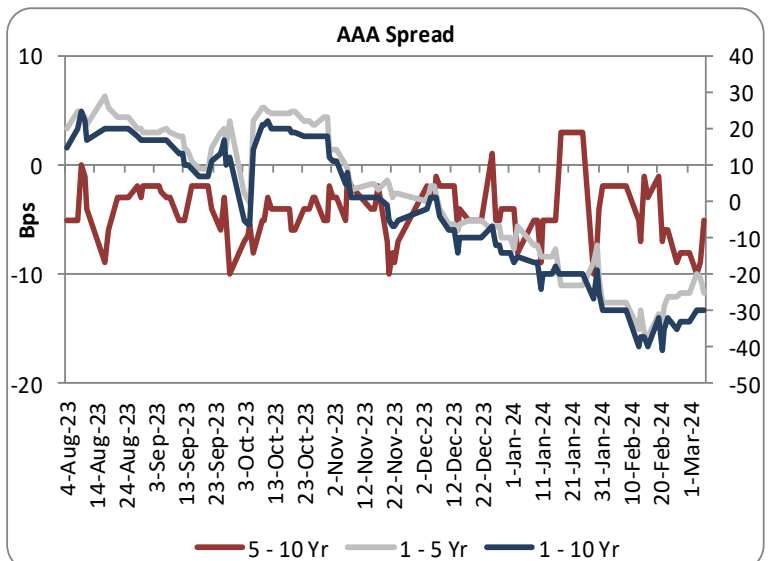
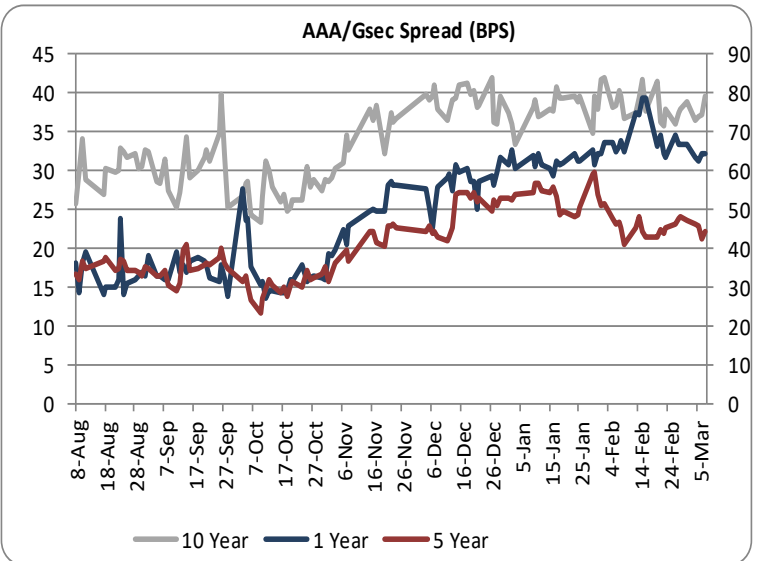
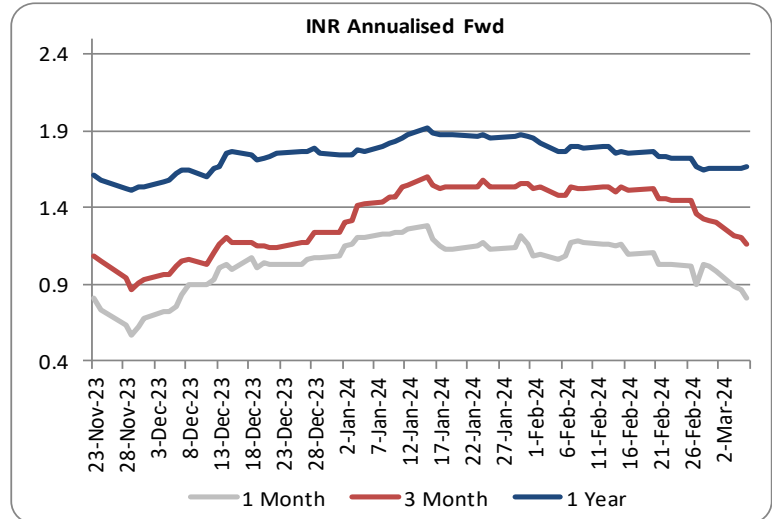
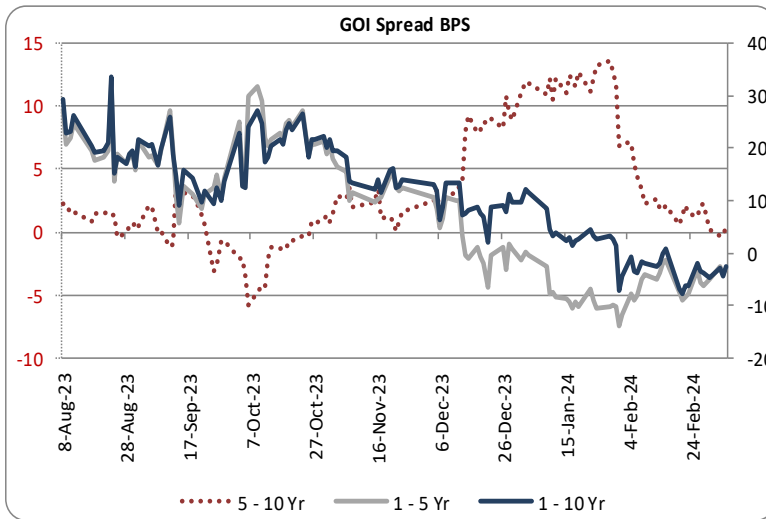
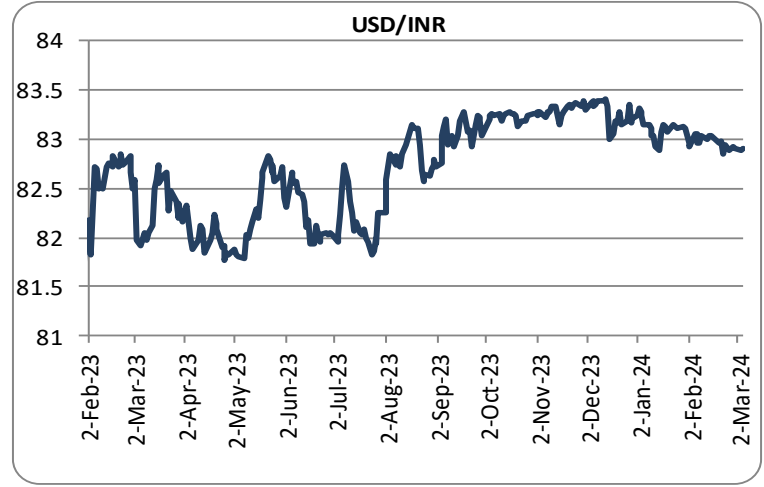
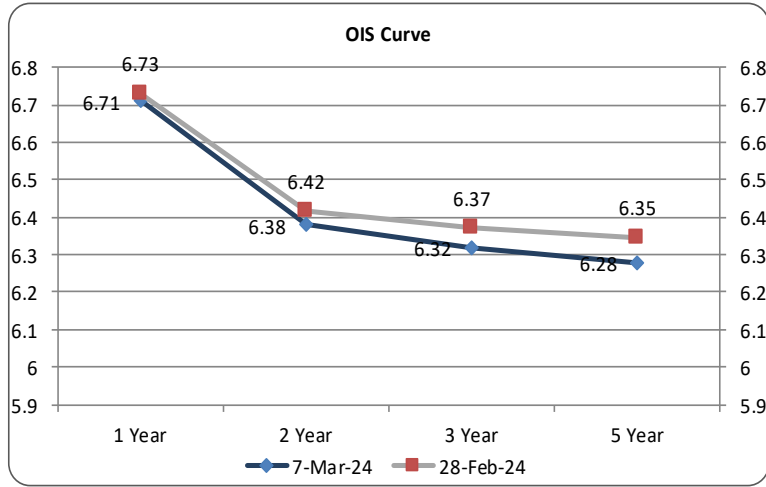
| FII      | DEBT           |             |                |
|----------|----------------|-------------|----------------|
|          | Gross Purchase | Gross Sales | Net Investment |
| 7-Mar-24 | 2777           | 485         | 2292           |

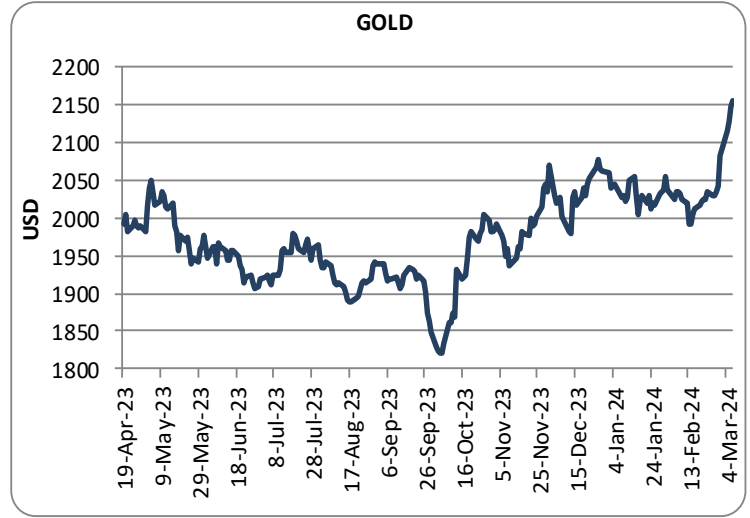
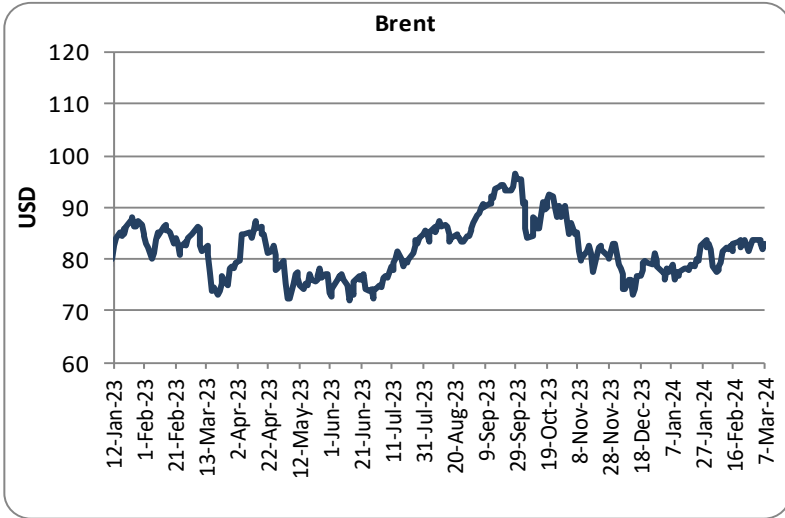
| EQUITY | Gross Purchase | Gross Sales | Net Investment |
|--------|----------------|-------------|----------------|
|        | 19942          | 14258       | 5684           |

| TOTAL (Rs. Crs) |             |                |
|-----------------|-------------|----------------|
| Gross Purchase  | Gross Sales | Net Investment |
| 22719           | 14743       | 7976           |

| INDICATORS            | PERIOD | ACTUAL | PRIOR |
|-----------------------|--------|--------|-------|
| GDP Quaterly (%)      | Dec-23 | 8.4    | 8.1   |
| CAD (\$ Bn)           | Sep-23 | -8.3   | -9.2  |
| Trade Deficit (\$ Bn) | Sep-23 | -61.0  | -56.6 |
| WPI (%)               | Jan-24 | 0.3    | 0.7   |
| CPI (%)               | Jan-24 | 5.1    | 5.7   |
| IIP (%)               | Dec-23 | 3.8    | 2.4   |
| PMI Manufacturing     | Feb-24 | 56.9   | 56.5  |
| PMI Service           | Feb-24 | 60.6   | 61.8  |

| Economic Calender | Country      | Date      | Poll | Prior  |
|-------------------|--------------|-----------|------|--------|
| CPI               | Japan        | 5-Mar-24  | 0    | 1.6    |
| GDP YY            | South Africa | 05-Mar-24 | 0.90 | (0.70) |
| Real GDP          | Australia    | 06-Mar-24 | 1.40 | 2.10   |
| Retail Sales      | Euro Zone    | 06-Mar-24 | -    | (0.80) |
| Refinancing rate  | Euro Zone    | 07-Mar-24 | 4.50 | 4.50   |
| Unemployment Rate | USA          | 08-Mar-24 | 3.70 | 3.70   |
| CPI               | China        | 09-Mar-24 | 0.40 | (0.80) |
| CPI               | Germany      | 12-Mar-24 | -    | 2.50   |





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

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