



BONDWATCH

Daily

INDIA

February 08, 2023

Indian government bond yields ended higher on Wednesday after the Reserve Bank of India (RBI) maintained a hawkish stance and surprised the market by leaving the door open to more tightening, saying core inflation remained high.

The benchmark 10-year yield ended at 7.3435%, after closing at 7.3102% on Tuesday.

The 10-year 7.26% 2033 bond yield ended at 7.3041%. Bond market trading was extended by 30 minutes to 4:00 p.m. IST.

The central bank raised the repo rate for the sixth consecutive time by 25 basis points to 6.50% which was expected, but said the policy stance would remain focused on the withdrawal of accommodation, with four of the six Monetary Policy Committee members voting in its favor.

A growing number of central banks around the world have signalled a pause or halt in their tightening campaigns in recent weeks as consumer inflation comes off the boil and growth shows signs of softening.

Traders will now brace for heavy debt supply over the next two days, as the central government is set to raise 80 billion rupees (\$969.78 million) through green bonds on Thursday and 300 billion rupees through debt sale on Friday.

The Indian rupee strengthened 0.26% versus the U.S. dollar, and quoted at 82.52 per dollar, after the RBI raised the key lending rate by an expected 25 basis points and hinted that more tightening was possible.

Repo: The weighted average call rates in the interbank segment increased to 6.39% vs 6.11% on the previous day while that the TREP segment increased to 6.4% vs 6.04% as on the previous day.

Market Observations

G-sec

- T-Bill cut off was a bit higher than market expectations. In 3 months, it was around 1bps higher.
- In the 6-month segment it was around 5 BPS higher.
- In 1 year, it was around 3 to 4 bps higher.

Corporate Bonds

- Yields moved by 5 BPS in 3–5-year post policy but GSec was settling around 7.34% and 7.35% levels.

CP/CD

- Major demand was witnessed across all segments.

GOI Yield	8-Feb	7-Feb	1-Feb	11-Jan
1 Year	6.950	6.920	6.940	6.870
5 Year	7.235	7.168	7.115	7.111
10 Year	7.344	7.310	7.272	7.291

AAA Bmk	8-Feb	7-Feb	1-Feb	11-Jan
1 Year	7.76	7.75	7.72	7.60
5 Year	7.68	7.58	7.75	7.60
10 Year	7.74	7.68	7.78	7.65

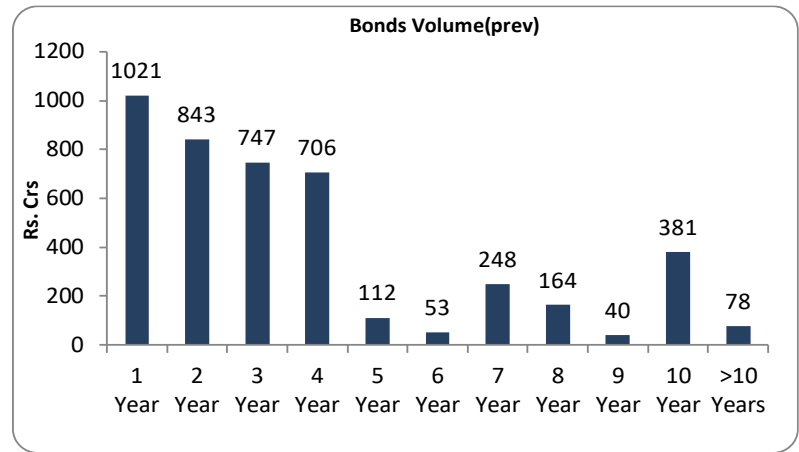
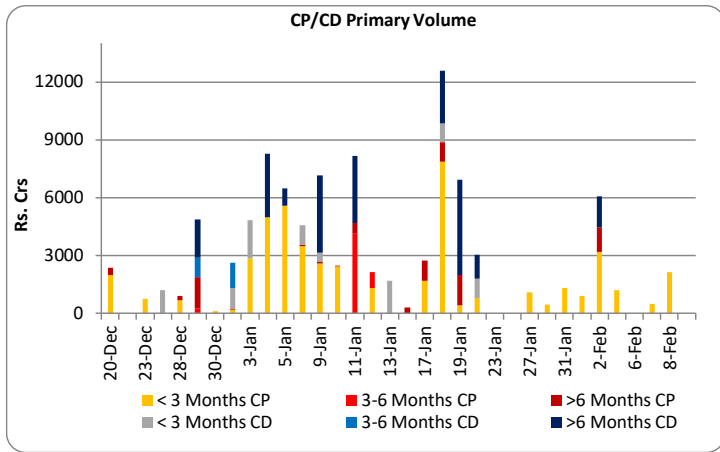
CD	8-Feb	7-Feb	1-Feb	11-Jan
3 Month	7.25	7.20	7.20	7.05
6 Month	7.65	7.55	7.57	7.45
1 Year	7.80	7.72	7.75	7.70

CP	8-Feb	7-Feb	1-Feb	11-Jan
3 Month	7.35	7.30	7.30	7.03
6 Month	7.75	7.65	7.70	7.50
1 Year	7.82	7.82	7.85	7.80

OIS Rate	8-Feb	7-Feb	1-Feb	11-Jan
1 Year	6.79	6.69	6.67	6.64
2 Year	6.40	6.30	6.30	6.33
3 Year	6.33	6.23	6.21	6.29
5 Year	6.33	6.25	6.22	6.31

	8-Feb	7-Feb	1-Feb	11-Jan
Sensex	60,664	60,286	59,708	60,106
Nifty	17,872	17,722	17,616	17,896
USD/INR	82.49	82.70	81.92	81.58
Gold (USD)	1,880	1,874	1,950	1,876
Oil (USD)	84.35	83.69	82.84	82.67

NDF	8-Feb	7-Feb	1-Feb	11-Jan
3 Month	83.05	83.24	82.25	82.14
1 Year	84.29	84.49	83.66	83.46
2 Year	80.72	86.49	85.81	85.46
3 Year	89.56	89.19	88.60	88.26



10 Year Benchmarks	8-Feb	7-Feb	1-Feb	11-Jan
India	7.34	7.31	7.28	7.29
US	3.65	3.67	3.40	3.56
South Korea	3.32	3.30	3.24	3.43
Russia	10.66	10.68	10.57	10.39
Brazil	13.35	13.35	13.17	12.47
Germany	2.36	2.31	2.29	2.19
China	2.91	2.90	2.94	2.92

Top Traded Securities	Volume	8-Feb	7-Feb	1-Feb	11-Jan
5.74 2026	445	7.21	#N/A	7.09	7.11
7.38 2027	-	7.24	7.17	7.12	7.15
7.10 2029	-	7.31	7.25	7.23	7.25
6.54 2032	5	7.34	7.32	7.30	7.31
7.26 2032	-	7.34	7.31	7.28	7.29
7.54 2036	-	7.41	7.38	7.39	7.37

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
30-Jan-23	9358	4720	4638

EQUITY		
Gross Purchase	Gross Sales	Net Investment
14237	17145	-2908

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
23595	21865	1730

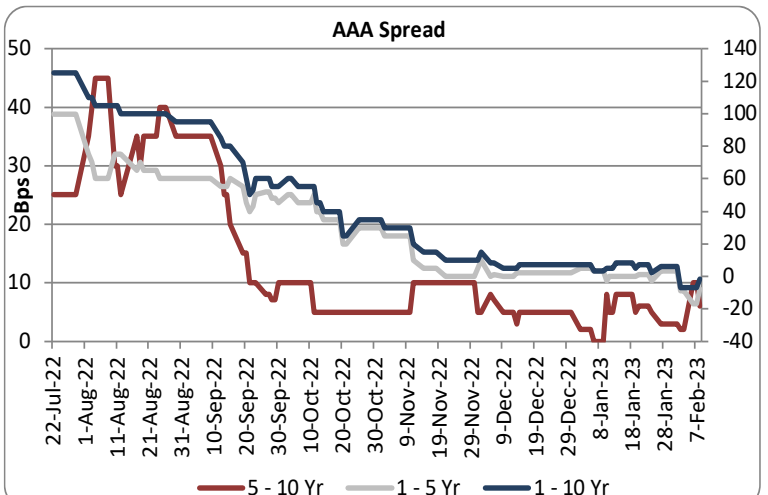
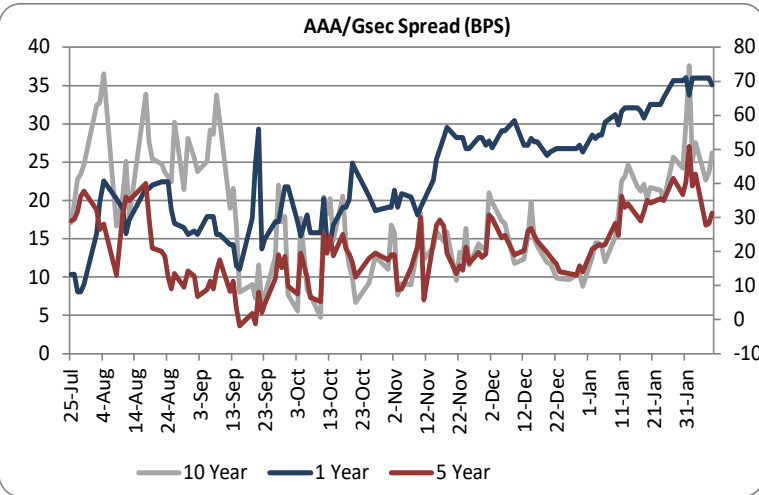
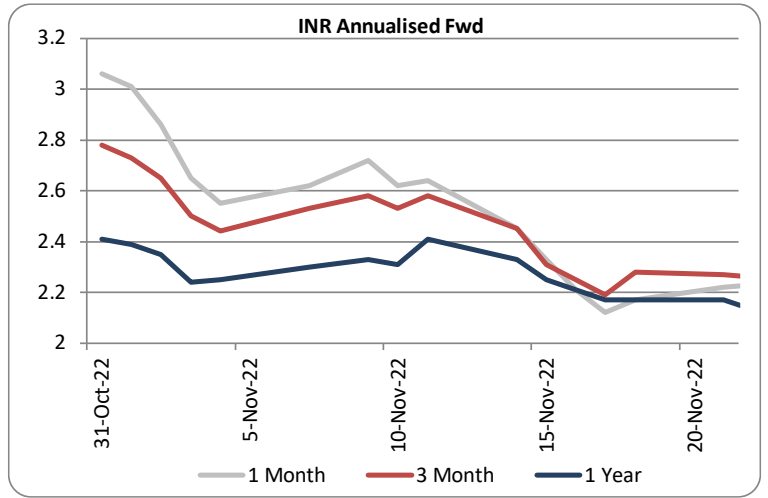
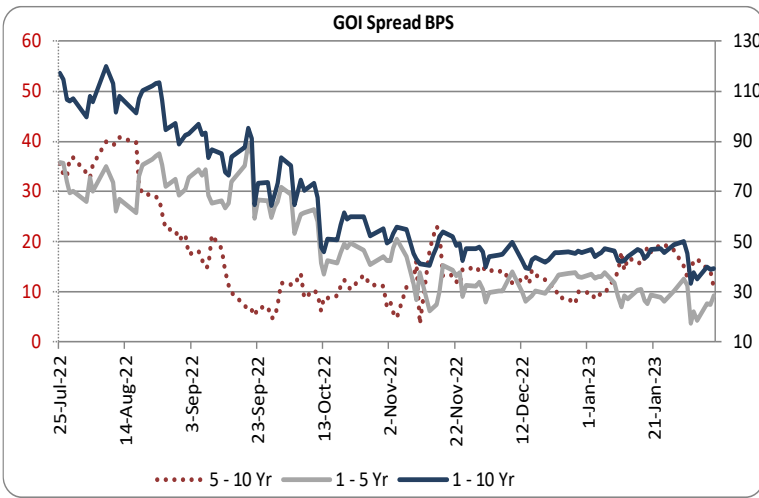
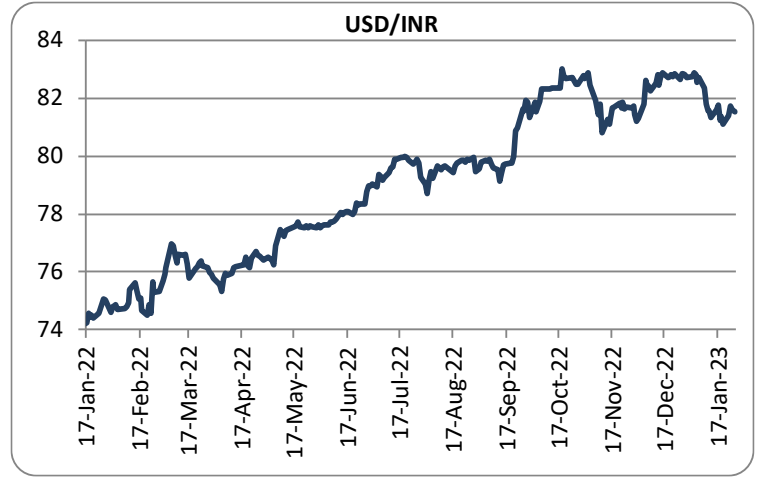
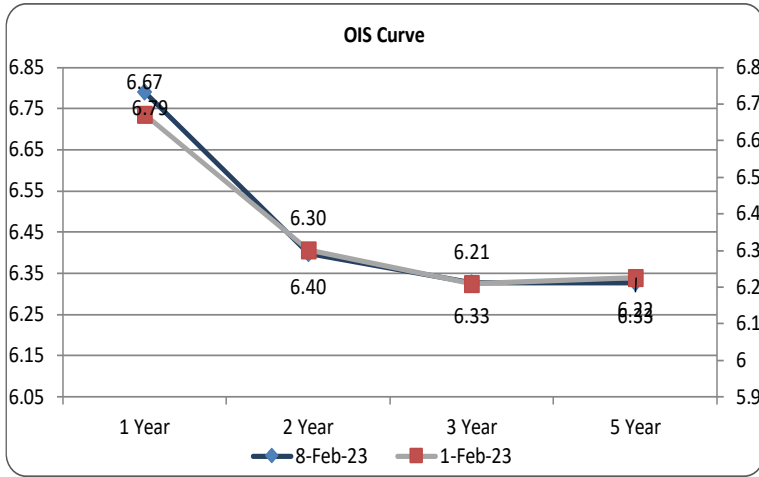
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
8-Feb-23	1500	2324	-824

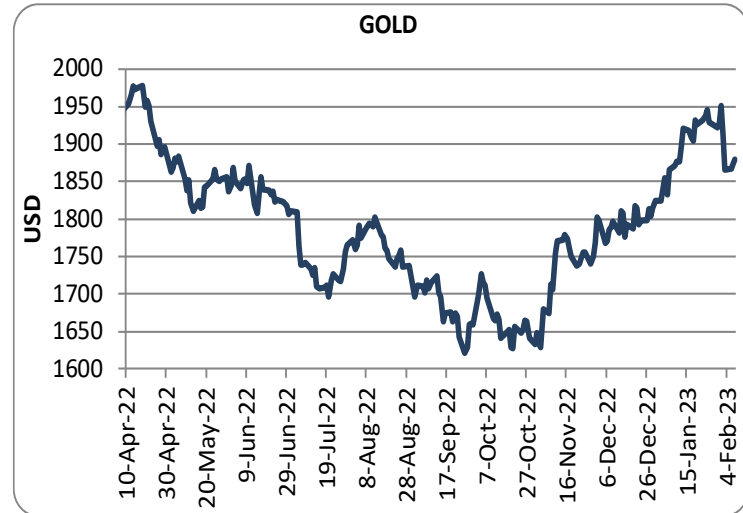
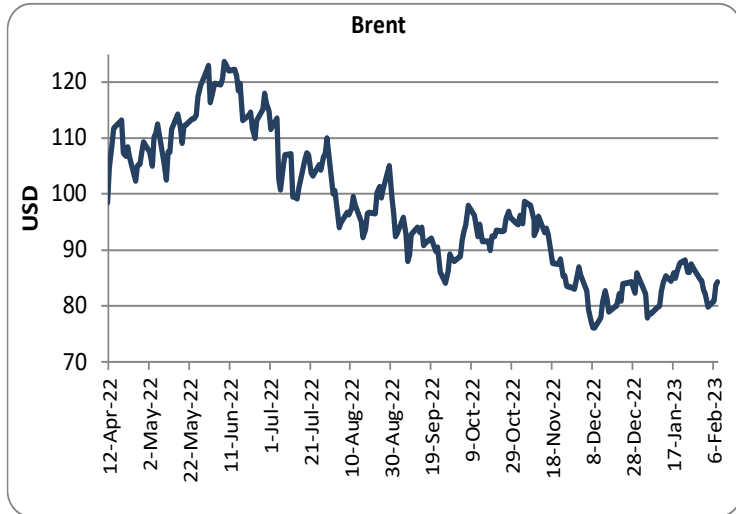
EQUITY		
Gross Purchase	Gross Sales	Net Investment
7286	9493	-2207

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
8786	11816	-3031

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-22	6.3	13.5
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Dec-22	5.0	5.9
CPI (%)	Dec-22	5.7	5.9
IIP (%)	Nov-22	7.1	-4.0
PMI Manufacturing	Jan-23	55.4	57.8
PMI Service	Jan-23	57.2	58.5

Economic Calender	Country	Date	Poll	Prior
Industrial Output	Brazil	03-Feb-23	(1.10)	0.90
Unemployment Rate	US	03-Feb-23	3.60	3.50
Retail Sales	Euro Zone	06-Feb-23	(0.30)	0.80
GDP	Indonesia	06-Feb-23	4.84	5.72
Reverse repo	India	08-Feb-23	-	3.35
Unemployment Rate	Czech Republic	08-Feb-23	-	3.70
CPI	Russia	08-Feb-23	11.50	11.90
Unemployment Rate	Russia	08-Feb-23	4.00	3.70





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

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