



BONDWATCH

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INDIA

India's benchmark government bond yield scaled a seven-month high on Monday, as sentiment was hurt by the Reserve Bank of India's announcement to conduct open market sale of bonds via auctions and rising oil prices.

The benchmark 10-year bond yield closed at 7.3806%, its highest level since March 10, after ending the previous session at 7.3412%.

On Friday, the RBI kept its key repo rate unchanged, but said it plans to conduct open market sale of bonds via auctions to absorb banking system liquidity. The central bank, however, did not provide a calendar for the sales, and uncertainty over the timing dominated sentiment and kept yields elevated.

The RBI has sold bonds worth 84.90 billion rupees (\$1.02 billion) via screen-based operations in five weeks to Sept. 29, to drain additional liquidity, as it withdrew incremental cash reserve ratio in phases.

The 10-year U.S. yield hit 16-year highs on Friday after data showed that employers added 336,000 jobs in September, nearly double than what was forecasted by economists.

Meanwhile, oil prices have surged, with the benchmark Brent crude contract nearing \$90 per barrel after clashes between Israel and the Palestinian Islamist group Hamas forces ignited fears of a wider conflict in the Middle East.

The Indian rupee weakened 0.02% versus the U.S. dollar, and quoted at 83.26 per dollar, despite an escalation in geopolitical risks, as traders fear likely central bank intervention at lower levels for the rupee.

Repo: The weighted average call rates in the interbank segment increased to 6.71% vs 6.14% as on the previous day while that the TREP segment decreased to 6.73% vs 6.79% as on the previous day.

Market Observations

G-sec

- Market opened on a negative note given the geopolitical tension and rising crude oil prices.
- Market got further given in the second half as new 10-year reached 7.3950 on anticipation of OMO being announced.
- Selling was seen in 3 to 10-year SDL around 7.60 levels with muted demand.

Corporate Bonds

- Market yields started moving higher in the second half tracking G-sec.
- 2026-28 segment was active with banks, insurance companies and mutual funds being the active participants.

CP/CD

- Activity was seen in the 1-2-month segment.

GOI Yield	9-Oct	6-Oct	3-Oct	8-Sep
1 Year	7.110	7.100	7.003	7.010
5 Year	7.428	7.399	7.254	7.206
10 Year	7.381	7.341	7.233	7.207

AAA Bmk	9-Oct	6-Oct	3-Oct	8-Sep
1 Year	7.54	7.58	7.68	7.45
5 Year	7.80	7.80	7.70	7.64
10 Year	7.75	7.72	7.63	7.61

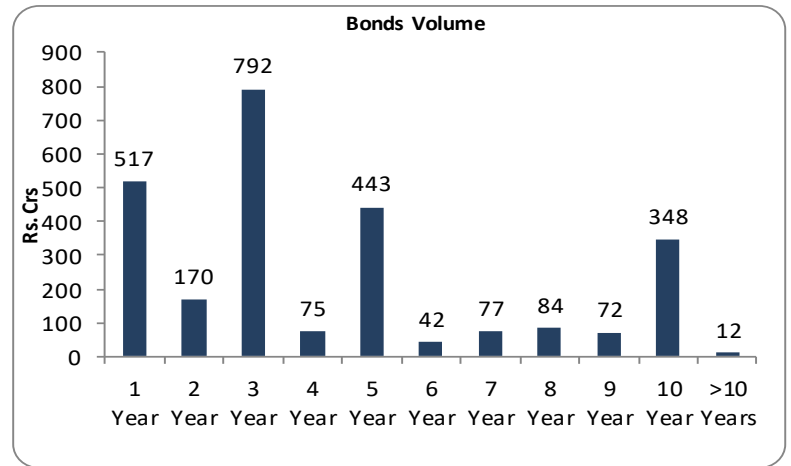
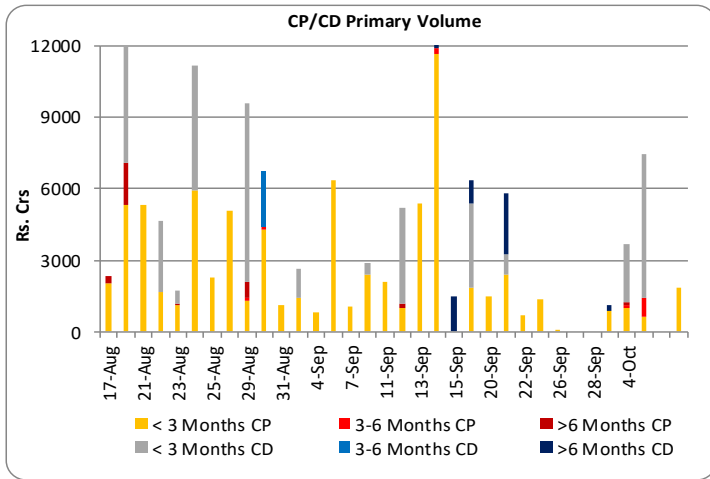
CD	9-Oct	6-Oct	3-Oct	8-Sep
3 Month	7.15	7.15	7.05	7.02
6 Month	7.35	7.35	7.35	7.25
1 Year	7.60	7.60	7.55	7.50

CP	9-Oct	6-Oct	3-Oct	8-Sep
3 Month	7.25	7.25	7.15	7.12
6 Month	7.45	7.45	7.40	7.35
1 Year	7.70	7.70	7.65	7.60

OIS Rate	9-Oct	6-Oct	3-Oct	8-Sep
1 Year	7.05	7.06	7.11	7.02
2 Year	6.85	6.86	6.90	6.78
3 Year	6.85	6.88	6.88	6.74
5 Year	6.89	6.86	6.86	6.69

	9-Oct	6-Oct	3-Oct	8-Sep
Sensex	65,512	65,996	65,512	66,599
Nifty	19,512	19,654	19,529	19,820
USD/INR	83.26	83.25	83.21	82.95
Gold (USD)	1,849	1,832	1,823	1,918
Oil (USD)	87.44	84.58	90.92	90.65

NDF	9-Oct	6-Oct	3-Oct	8-Sep
3 Month	83.66	83.51	83.64	83.26
1 Year	84.92	84.73	84.79	84.40
2 Year	87.15	86.83	86.90	86.60
3 Year	89.84	89.43	89.70	89.30



10 Year Benchmarks	9-Oct	6-Oct	3-Oct	8-Sep
India	7.38	7.34	7.24	7.20
US	4.78	4.78	4.80	4.26
South Korea	4.24	4.24	4.03	3.90
Russia	12.31	12.27	12.14	12.60
Brazil	12.23	12.23	11.88	11.34
Germany	2.87	2.89	2.96	2.60
China	2.70	2.72	2.72	2.67

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	4,790	7.20	7.17	7.18	7.15
7.06 2028	2,940	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	350	7.35	7.33	7.33	7.36
6.64 2035	185	7.17	7.16	7.22	7.24
7.40 2035	30	7.20	7.18	7.24	7.23

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

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	3854	2599	1255

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9260	6866	2394

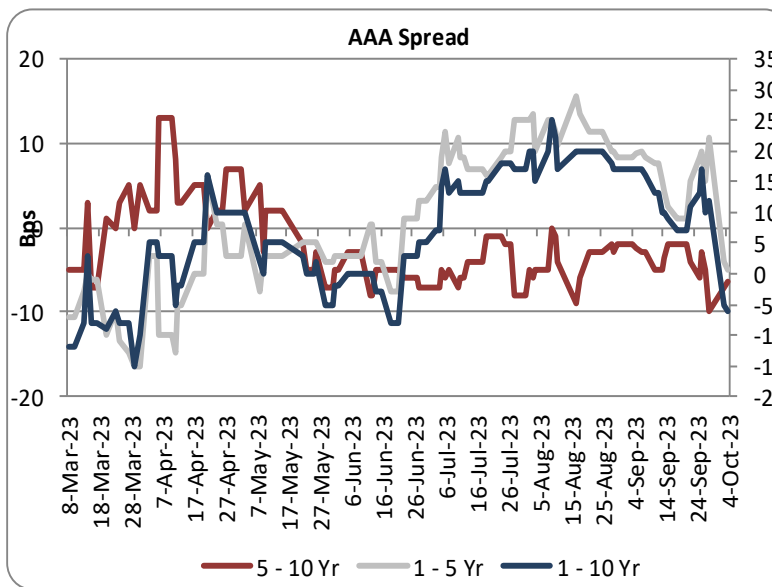
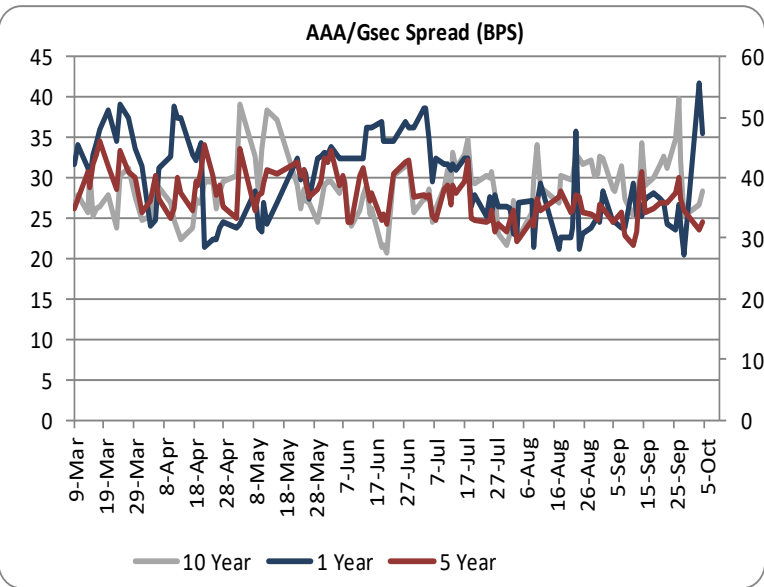
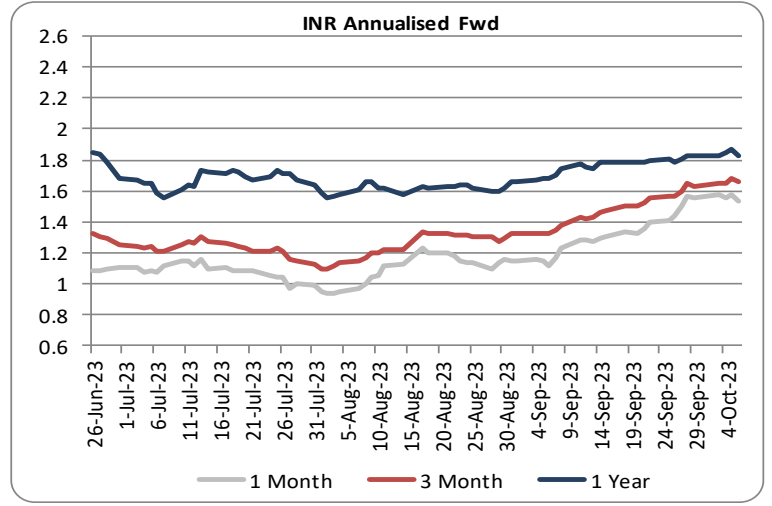
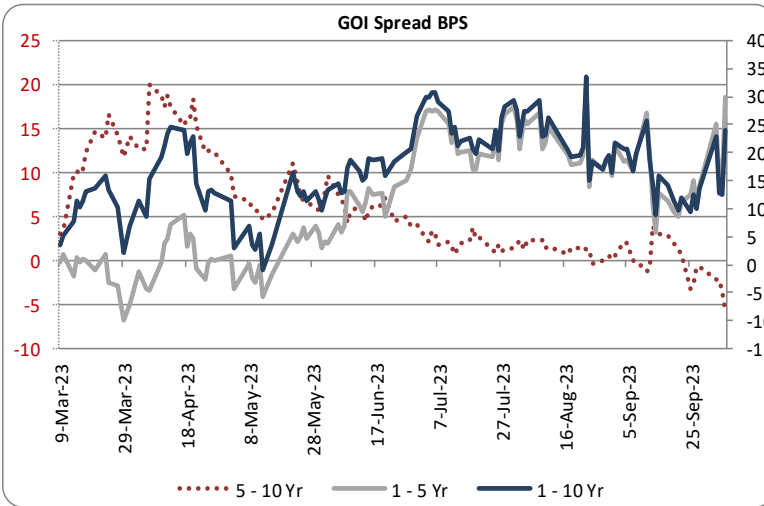
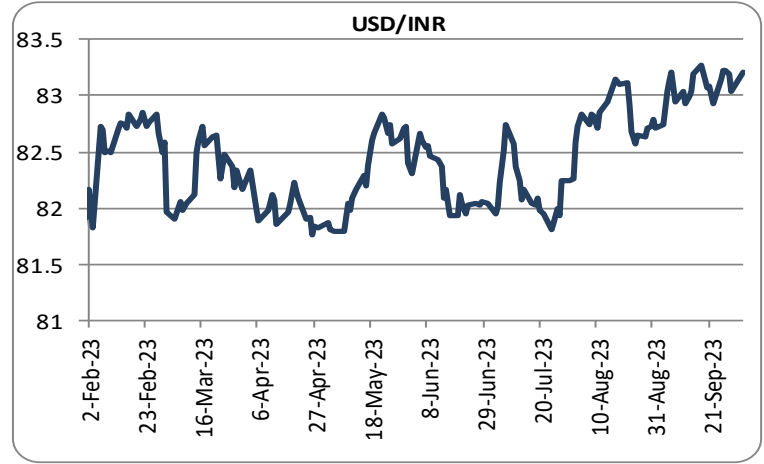
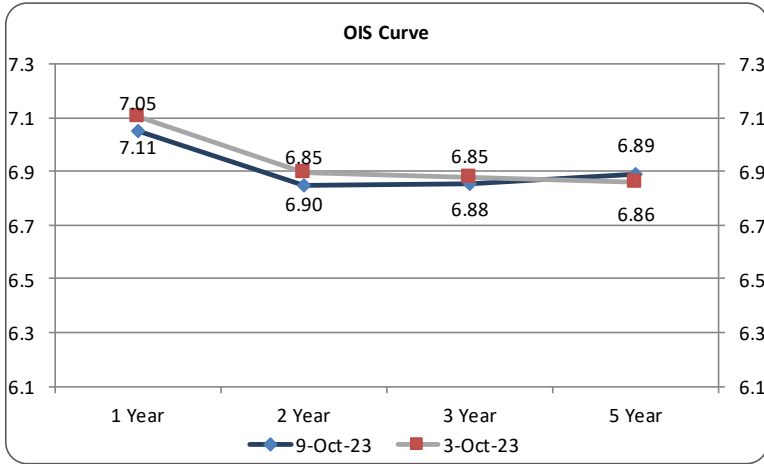
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
9-Oct-23	1754	743	1011

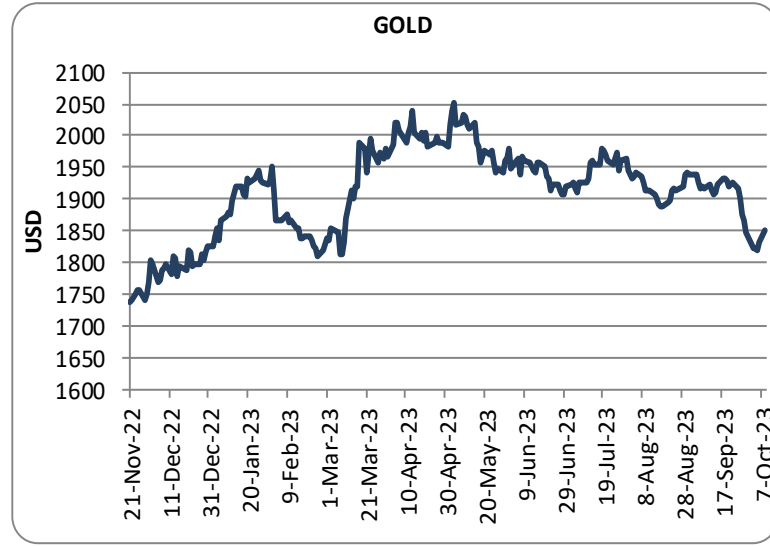
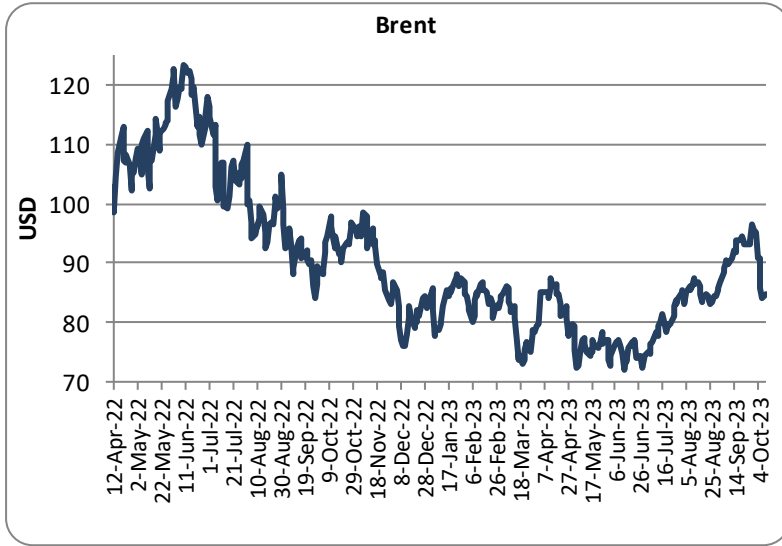
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	6929	6658	271

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	8683	7401	1282

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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