



BONDWATCH

Daily

INDIA

August 10, 2023

Indian government bond yields ended lower on Thursday after the Reserve Bank of India (RBI) was not as hawkish as feared on monetary policy, with the focus now shifting to U.S. inflation data later in the day.

The benchmark 7.26% 2033 bond yield ended at 7.1524%, after ending the previous session at 7.1745%.

The policy outcome was on expected lines and the benchmark bond yield should trade between 7.05%-7.20% in the near term, with global factors contributing to a move on the lower side.

The RBI held its key lending rate steady at 6.50% for the third straight meeting on Thursday, as expected, but moved to reduce the amount of cash in the banking system as inflation concerns resurfaced following higher-than-usual seasonal spikes in food prices in recent weeks.

Inflation in Indian economy snapped a four-month downward trend in June, when it climbed to 4.81%. Inflation likely accelerated to 6.40% in July. The central bank raised its inflation forecast for the current quarter and the financial year.

The RBI, however, asked banks to maintain an incremental cash reserve ratio of 10% on an increase in deposits between May 19 and July 28, with effect from the fortnight starting Aug. 12, in a move that could pull out more than one trillion rupees (\$12.10 billion) from the banking system.

The Indian rupee strengthened 0.12% versus the U.S. dollar, and quoted at 82.7125 per dollar on likely dollar sales by foreign banks and easing dollar index, while traders await U.S. inflation data.

Repo: The weighted average call rates in the interbank segment increased to 6.45% vs 6.39% as on the previous day while that the TREP segment increased to 6.34% vs 6.30% as on the previous day.

GOI Yield	10-Aug	9-Aug	3-Aug	12-Jul
1 Year	6.920	6.945	6.925	6.870
5 Year	7.138	7.152	7.186	7.109
10 Year	7.152	7.175	7.198	7.116

AAA Bmk	10-Aug	9-Aug	3-Aug	12-Jul
1 Year	7.40	7.35	7.35	7.40
5 Year	7.63	7.60	7.61	7.59
10 Year	7.62	7.60	7.55	7.53

CD	10-Aug	9-Aug	3-Aug	12-Jul
3 Month	7.00	6.90	6.95	6.95
6 Month	7.20	7.20	7.20	7.20
1 Year	7.50	7.50	7.45	7.50

CP	10-Aug	9-Aug	3-Aug	12-Jul
3 Month	7.10	7.00	7.05	7.10
6 Month	7.30	7.30	7.30	7.30
1 Year	7.60	7.60	7.55	7.60

OIS Rate	10-Aug	9-Aug	3-Aug	12-Jul
1 Year	6.86	6.88	6.87	6.81
2 Year	6.58	6.61	6.61	6.51
3 Year	6.54	6.56	6.54	6.42
5 Year	6.48	6.51	6.51	6.39

	10-Aug	9-Aug	3-Aug	12-Jul
Sensex	65,688	65,996	65,241	65,394
Nifty	19,543	19,633	19,382	19,384
USD/INR	82.71	82.82	82.72	82.25
Gold (USD)	1,921	1,915	1,934	1,957
Oil (USD)	87.28	87.55	85.14	80.11

NDF	10-Aug	9-Aug	3-Aug	12-Jul
3 Month	82.90	83.08	83.05	82.26
1 Year	83.90	84.28	84.10	83.28
2 Year	86.19	86.48	86.22	85.33
3 Year	89.19	89.13	88.87	87.98

Market Observations

G-sec

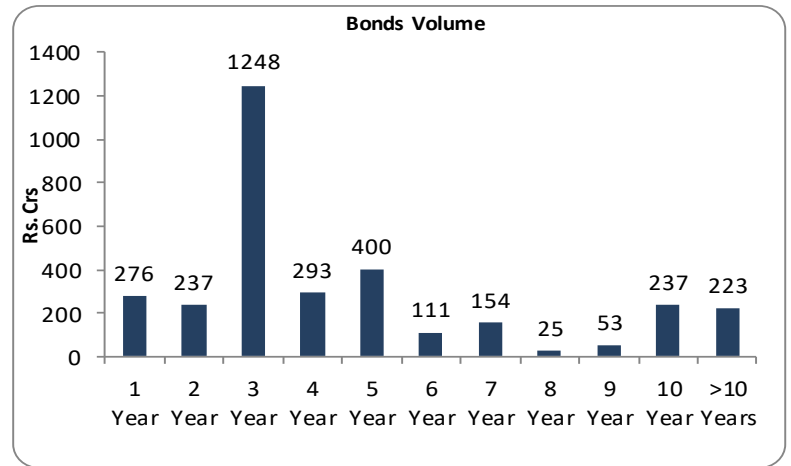
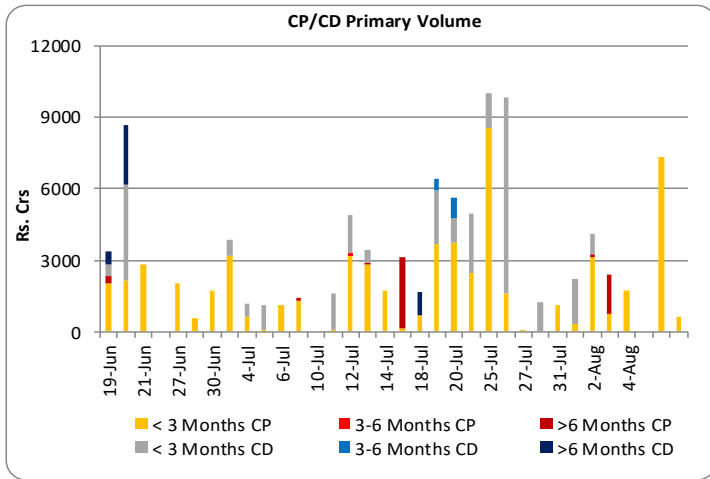
- Sell off was seen in 1-5months t-bill by MFs as the ICRR was introduced to reduce systems surplus liquidity.
- Demand was seen in 3 year discounted SDLs by MFs and banks @7.35 centric levels.
- Switches were reported in longer end G-sec as foreign banks are looking to switch from 2053 to 2052 bonds.

Corporate Bonds

- Mutual funds were seen selling in the 2026 segment.

CP/CD

- Activity was seen in the 1 to 3-month segment.



10 Year Benchmarks	10-Aug	9-Aug	3-Aug	12-Jul
India	7.15	7.18	7.19	7.12
US	4.00	4.01	4.19	3.86
South Korea	3.79	3.77	3.83	3.75
Russia	11.68	11.71	11.55	11.35
Brazil	10.94	10.85	10.79	10.60
Germany	2.50	2.47	2.55	2.55
China	2.66	2.65	2.68	2.68

Top Traded Securities	Volume	9-Aug	8-Aug	2-Aug	11-Jul
7.26 2033	33,080	7.18	7.17	7.15	7.10
7.06 2028	1,800	7.31	7.32	7.30	7.24
7.62 2039	-	7.21	7.20	7.19	7.13
7.30 2053	70	#N/A	#N/A	7.25	7.19
6.64 2035	80	7.26	7.27	7.29	7.17
7.40 2035	255	#N/A	7.31	7.25	7.19

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	3082	2594	487

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	3594	3518	76

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	6676	6112	563

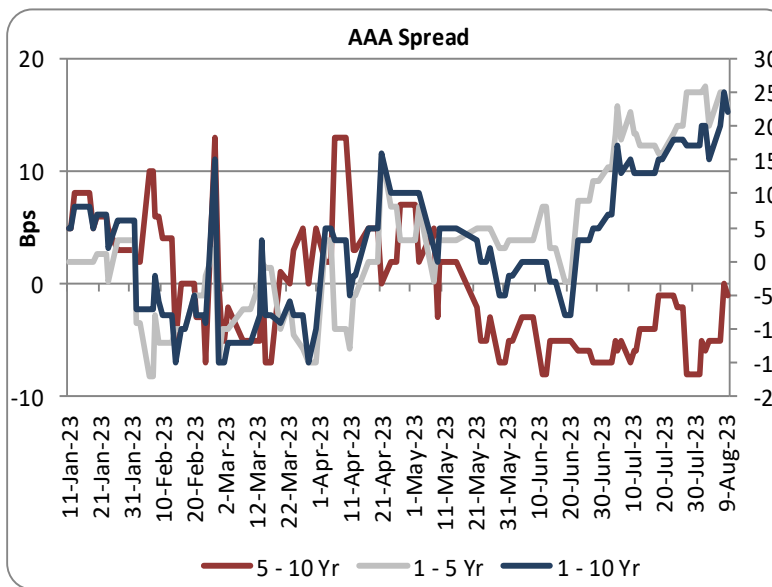
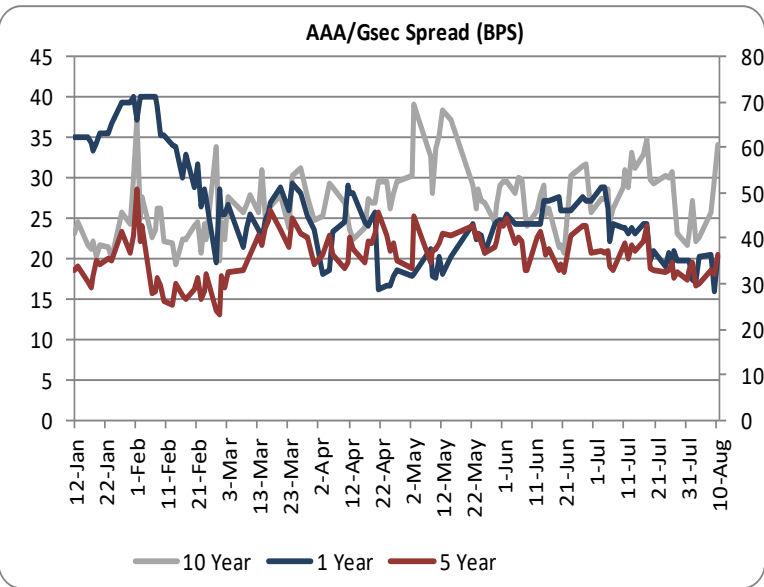
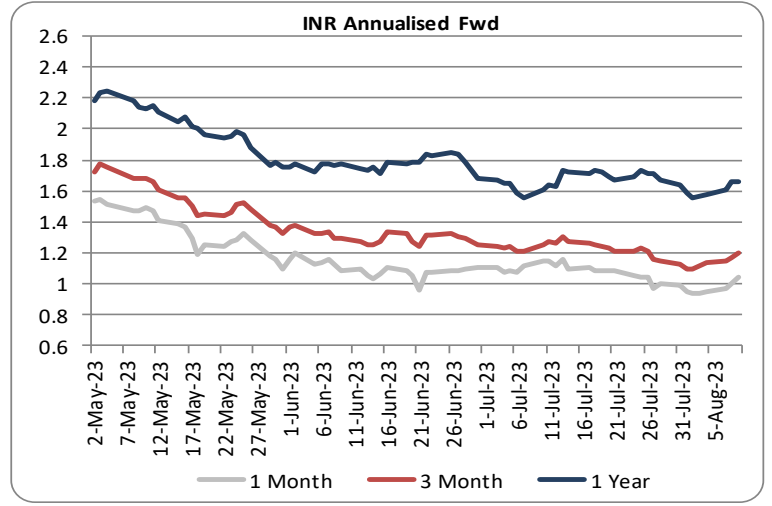
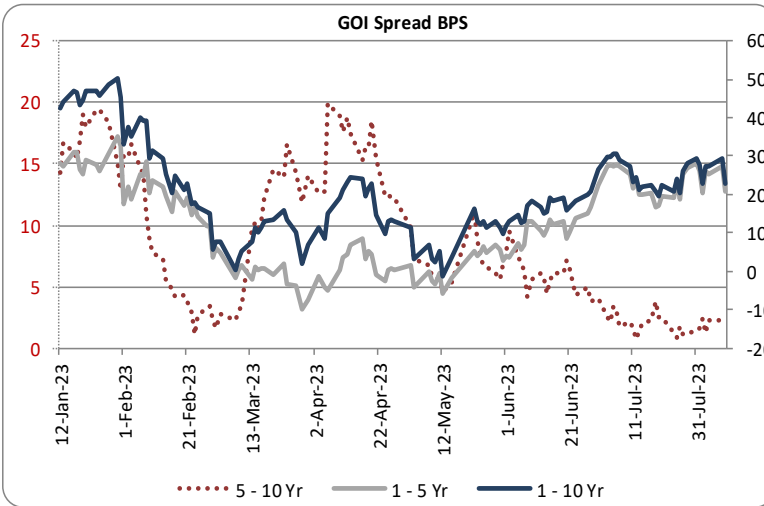
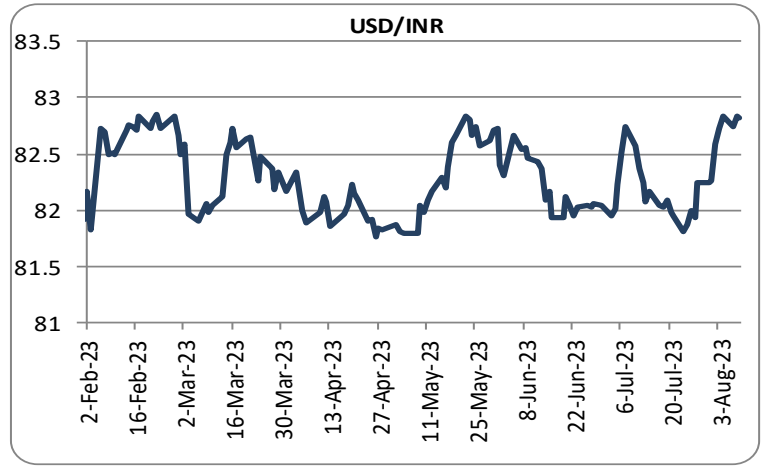
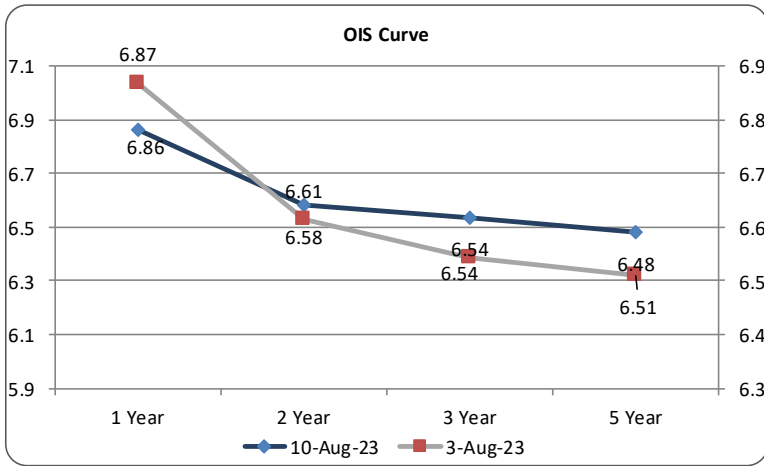
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
10-Aug-23	1323	132	1191

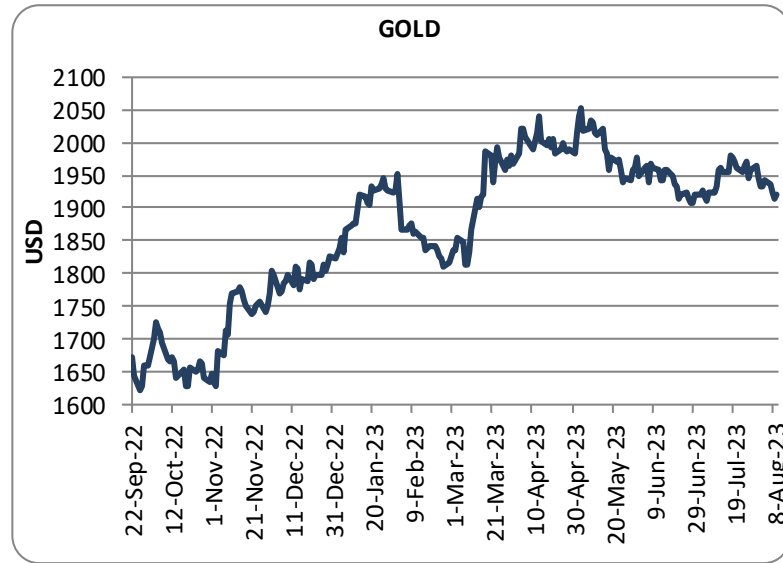
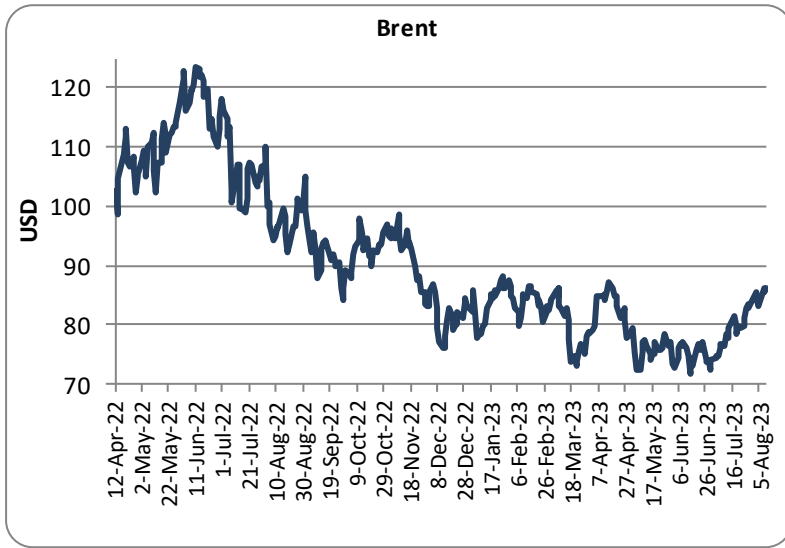
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
10-Aug-23	9346	8349	997

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
10-Aug-23	10669	8481	2188

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
CPI	China	9-Aug-23	-0.4	0
Retail Sales	Brazil	09-Aug-23	0.35	(1.00)
Repo Rate	India	10-Aug-23	6.50	6.50
CPI	USA	10-Aug-23	3.30	3.00
Industrial Output	UK	11-Aug-23	(1.10)	(2.30)
WPI	India	14-Aug-23	-	(4.12)
CPI	India	14-Aug-23	-	4.81
Industrial Output	China	15-Aug-23	-	4.40





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

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