



BONDWATCH

Daily

July 10, 2023

INDIA

Indian government bond yields ended lower on Monday on value buying ahead of June inflation data for the United States as well as at home, which traders expect will provide cues on the interest rate trajectory of the respective central banks.

The benchmark 7.26% 2033 bond yield ended at 7.1337%, after closing at 7.1609% on Friday. The yield was largely unchanged during the day and fell toward the fag end of the session.

The U.S. Fed paused its rate hike cycle in June but stated that more hikes were due. Markets now speculate two more hikes of 50 basis points each in 2023. The odds of a 25 bps increase in July remain around 89%.

With inflation remaining at nearly double of the Fed's target and the US economy still seemingly having more steam to keep running, it is expected that the US Federal Reserve will maintain a hawkish bias until clear signs of fatigue are visible.

Meanwhile, India's retail inflation likely snapped a four-month decline in June as food prices surged. June inflation is expected to come at 4.58% slightly higher than the 4.25% recorded in May.

The Reserve Bank of India (RBI) maintained status quo on policy rates in its previous two meetings after hiking by 250 bps in the last financial year, but now aims to meet the 4% inflation target which has pushed back bets of rate cuts.

The Indian rupee strengthened 0.21% versus the U.S. dollar and quoted at 82.5650 per dollar, tracking a fall in near-maturity U.S. yields after data showed U.S. payrolls rose less than expected.

Repo: The weighted average call rates in the interbank segment decreased at 6.56% vs 5.59% as on the previous day while that the TREP segment increased to 6.49% vs 6.37% as on the previous day.

GOI Yield	10-Jul	7-Jul	3-Jul	9-Jun
1 Year	8.860	6.870	6.820	6.850
5 Year	7.112	7.143	7.094	6.980
10 Year	7.134	7.161	7.119	7.036

AAA Bmk	10-Jul	7-Jul	3-Jul	9-Jun
1 Year	7.40	7.42	7.45	7.40
5 Year	7.62	7.60	7.59	7.43
10 Year	7.55	7.55	7.52	7.40

CD	10-Jul	7-Jul	3-Jul	9-Jun
3 Month	6.95	6.95	6.95	6.90
6 Month	7.20	7.20	7.20	7.20
1 Year	7.50	7.50	7.55	7.40

CP	10-Jul	7-Jul	3-Jul	9-Jun
3 Month	7.10	7.10	7.10	7.00
6 Month	7.30	7.30	7.30	7.30
1 Year	7.60	7.60	7.65	7.50

OIS Rate	10-Jul	7-Jul	3-Jul	9-Jun
1 Year	6.81	6.80	6.75	6.64
2 Year	6.56	6.52	6.46	6.32
3 Year	6.47	6.43	6.38	6.21
5 Year	6.44	6.40	6.33	6.15

	10-Jul	7-Jul	3-Jul	9-Jun
Sensex	65,344	65,280	65,205	62,626
Nifty	19,356	19,332	19,323	18,563
USD/INR	82.57	82.74	81.96	82.46
Gold (USD)	1,924	1,924	1,921	1,961
Oil (USD)	78.04	78.47	74.65	74.79

NDF	10-Jul	7-Jul	3-Jul	9-Jun
3 Month	82.86	82.85	82.22	82.68
1 Year	83.82	83.89	83.28	83.81
2 Year	86.00	85.85	85.24	85.95
3 Year	88.59	88.50	87.89	88.70

Market Observations

G-sec

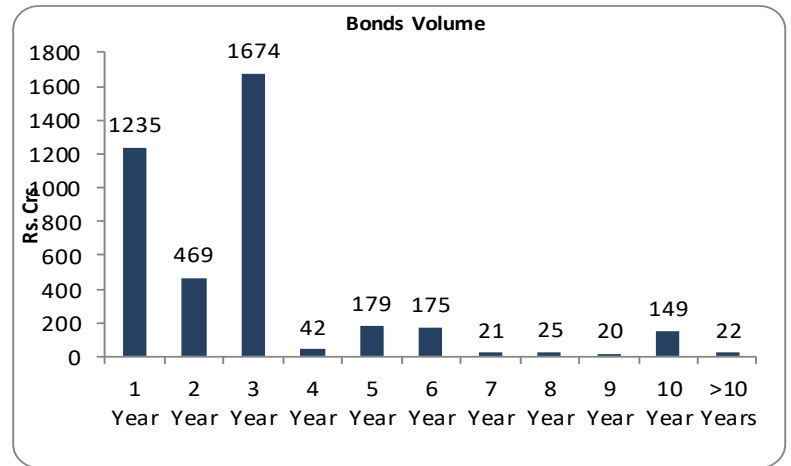
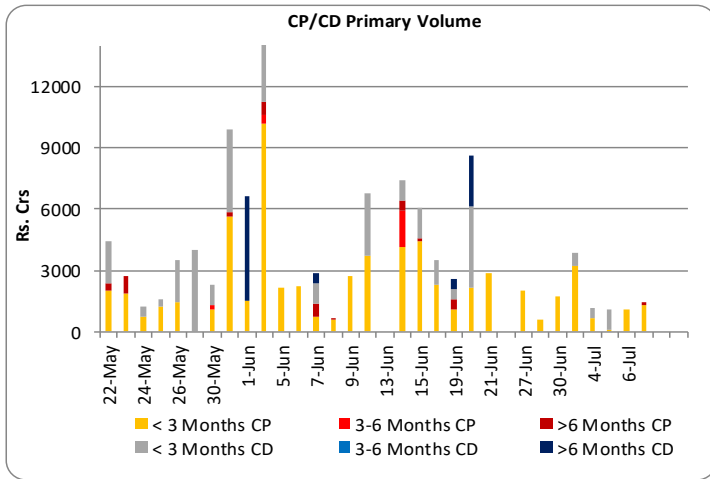
- Size selling was seen in 4 years SDL by private bank @7.35 centric levels.
- Demand was seen in 2 and 3-year G-sec by foreign banks.

Corporate Bonds

- Demand seen in the 2025 segment.
- Pension funds showing demand in the longer end segment.

CP/CD

- Major activity was seen in the 6-month and 9-month segment.



10 Year Benchmarks	10-Jul	7-Jul	3-Jul	9-Jun
India	7.14	7.16	7.12	7.04
US	4.05	4.05	3.86	3.75
South Korea	3.85	3.76	3.62	3.59
Russia	11.27	11.25	11.17	10.86
Brazil	10.74	10.66	10.59	11.18
Germany	2.64	2.64	2.43	2.38
China	2.69	2.69	2.69	2.69

Top Traded Securities	Volume	10-Jul	7-Jul	3-Jul	9-Jun
5.74 2026	260	7.12	7.13	7.08	#N/A
7.38 2027	-	7.11	7.14	7.09	6.98
7.10 2029	-	7.15	7.16	7.12	7.02
6.54 2032	10	7.20	7.20	7.17	7.09
7.26 2032	#VALUE!	7.17	7.19	7.16	7.07
7.54 2036	-	7.26	7.27	7.24	7.14

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
7-Jul-23	838	1080	-242

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	451	1139	-688

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	1289	2219	-930

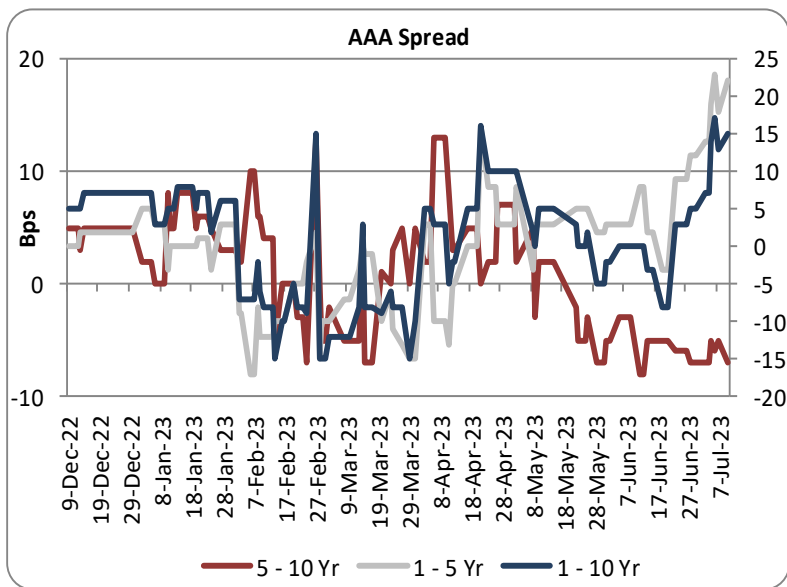
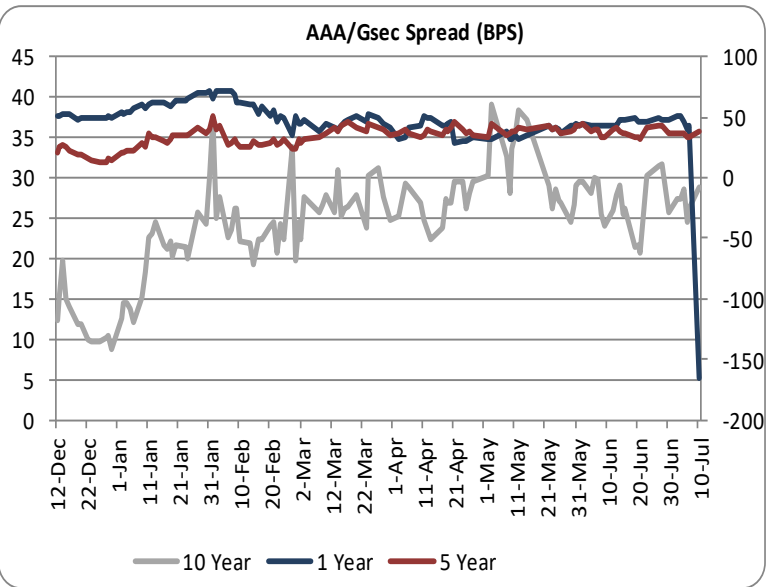
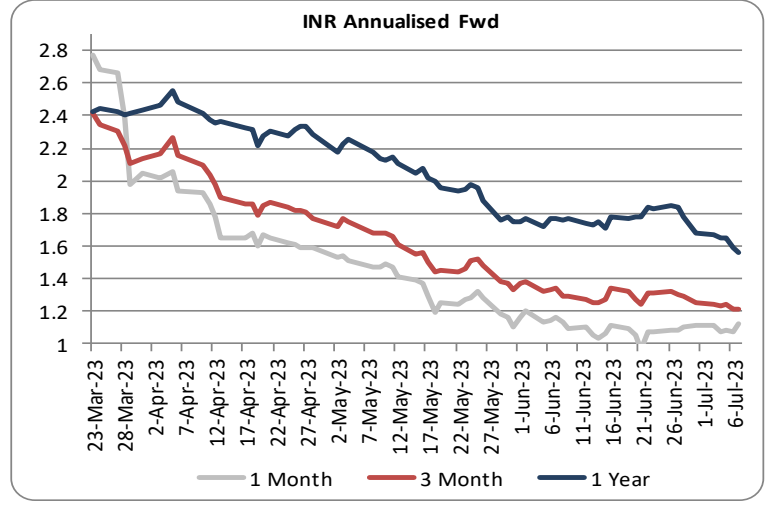
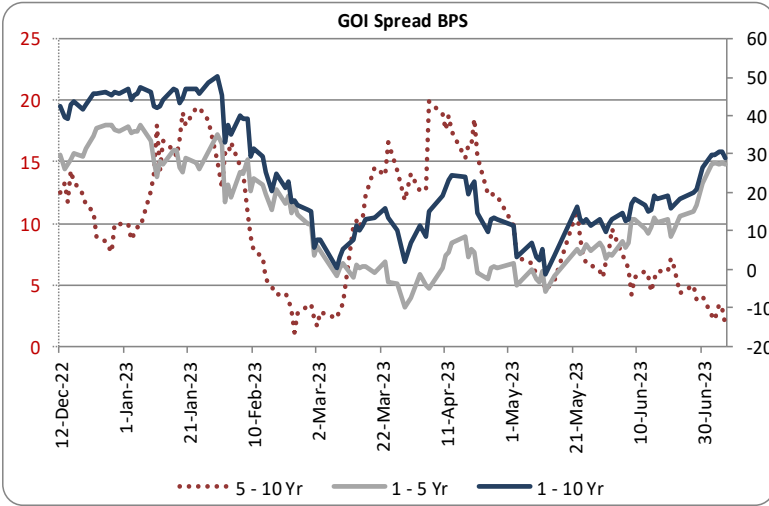
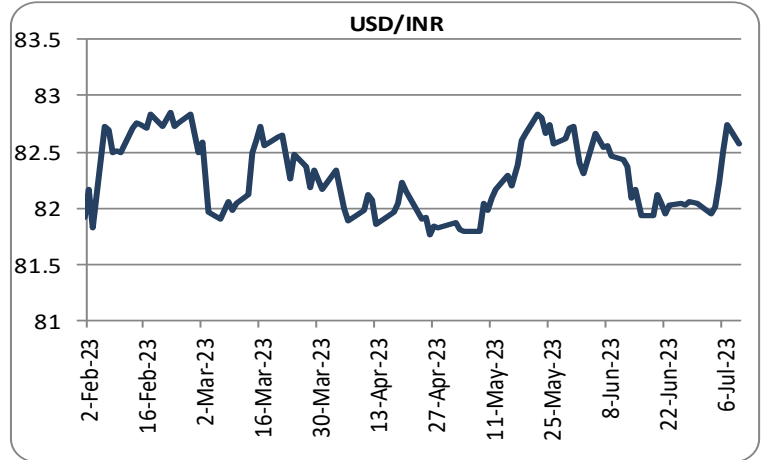
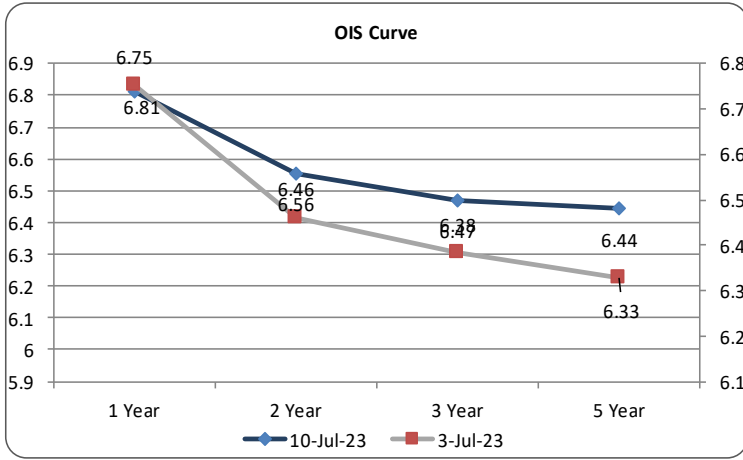
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
10-Jul-23	765	236	529

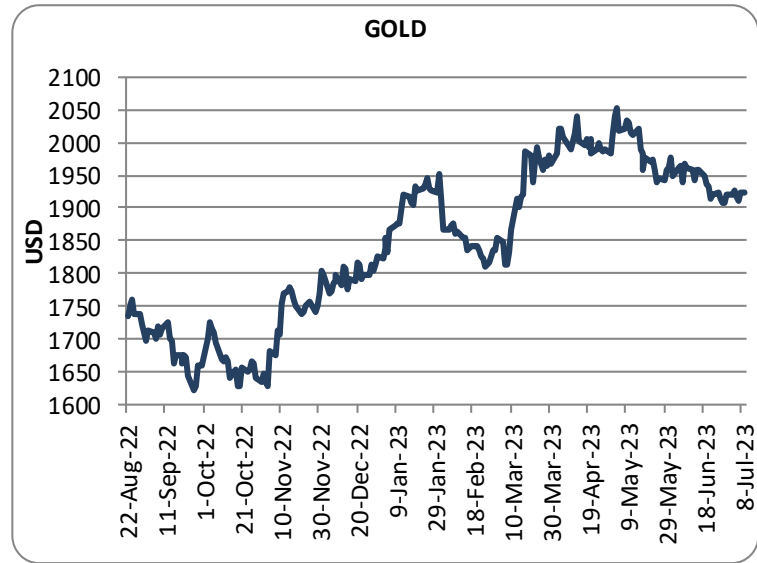
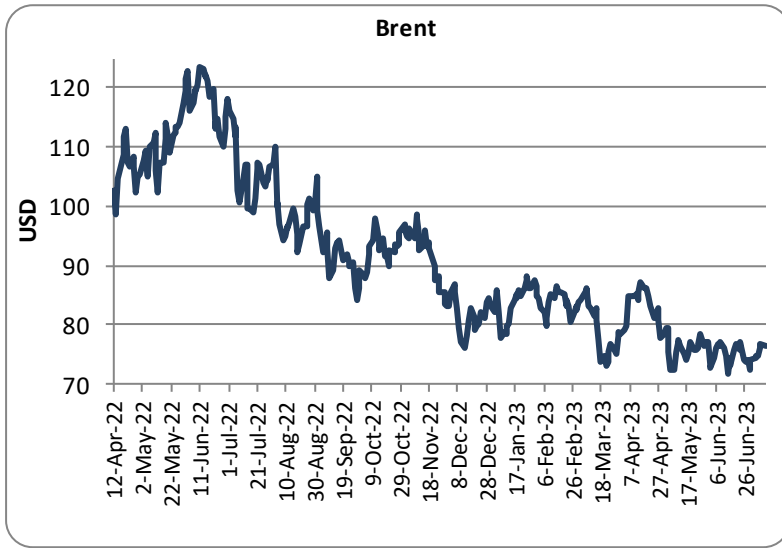
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	9585	8715	871

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	10350	8950	1400

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 (%)	May-23	-3.5	-0.9
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
Retail Sales	Euro Zone	6-Jul-23	-2.7	-2.6
Industrial Production	Germany	07-Jul-23	-	1.75
CPI	China	10-Jul-23	-	0.20
CPI	Germany	11-Jul-23	-	6.40
CPI	India	12-Jul-23	-	4.25
Industrial Output	UK	13-Jul-23	-	(1.90)
GDP Estimate	UK	13-Jul-23	-	0.50
Industrial Production	Euro Zone	13-Jul-23	-	0.20





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

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