



# BONDWATCH

Daily

August 11, 2023

INDIA

Indian government bond yields ended higher on Friday after a weekly debt auction added to supply, while U.S. peers inched upwards.

The benchmark 7.26% 2033 bond yield ended at 7.2021%, compared to 7.1524% in the previous session. The yield ended the week 1 basis point higher, after rising 3 bps last week.

U.S. yields rose on Thursday after data showed that inflation rose only modestly in July, pushing back rate cut bets.

The 10-year yield was at 4.1016%. U.S. headline and core consumer prices both rose by 0.2% in July for annual gains of 3.2% and 4.7%, respectively, with core inflation posting its smallest increase in nearly two years.

Indian Government bond market issued a new 10-year bond, which traded at a premium in the secondary market with yield easing below shorter tenor papers. It ended the day at 7.18%.

Market participants now await the domestic inflation data, due after market hours on Monday. India's retail inflation likely accelerated to 6.40% in July on surging food prices.

The Reserve Bank of India raised its inflation forecast for the quarter and the financial year on Thursday, which was largely in line with expectations.

The Indian rupee weakened 0.17% versus the U.S. dollar, and quoted at 82.8450 per dollar, alongside its Asian peers with the Chinese yuan depreciating to a one-month low.

Repo: The weighted average call rates in the interbank segment increased to 6.59% vs 6.45% as on the previous day while that the TREP segment increased to 6.40% vs 6.34% as on the previous day.

GOI Yield	11-Aug	10-Aug	4-Aug	13-Jul
1 Year	6.940	6.920	6.920	6.860
5 Year	7.186	7.138	7.172	7.059
10 Year	7.202	7.152	7.195	7.073

AAA Bmk	11-Aug	10-Aug	4-Aug	13-Jul
1 Year	7.45	7.40	7.40	7.40
5 Year	7.66	7.63	7.60	7.57
10 Year	7.62	7.62	7.55	7.53

CD	11-Aug	10-Aug	4-Aug	13-Jul
3 Month	7.00	7.00	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	11-Aug	10-Aug	4-Aug	13-Jul
3 Month	7.10	7.10	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	11-Aug	10-Aug	4-Aug	13-Jul
1 Year	6.91	6.86	6.89	6.76
2 Year	6.62	6.58	6.64	6.45
3 Year	6.60	6.54	6.60	6.35
5 Year	6.53	6.48	6.55	6.30

	11-Aug	10-Aug	4-Aug	13-Jul
Sensex	65,323	65,688	65,721	65,559
Nifty	19,428	19,543	19,517	19,414
USD/INR	82.85	82.71	82.84	82.07
Gold (USD)	1,918	1,912	1,942	1,960
Oil (USD)	86.89	86.40	86.24	81.36

NDF	11-Aug	10-Aug	4-Aug	13-Jul
3 Month	83.04	83.07	82.92	82.27
1 Year	84.06	84.11	83.94	83.34
2 Year	86.21	86.25	86.06	85.52
3 Year	89.19	88.90	88.71	88.17

## Market Observations

### G-sec

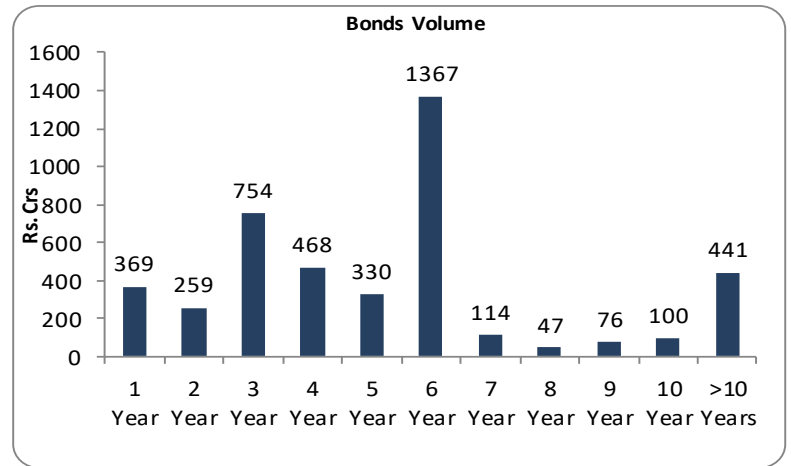
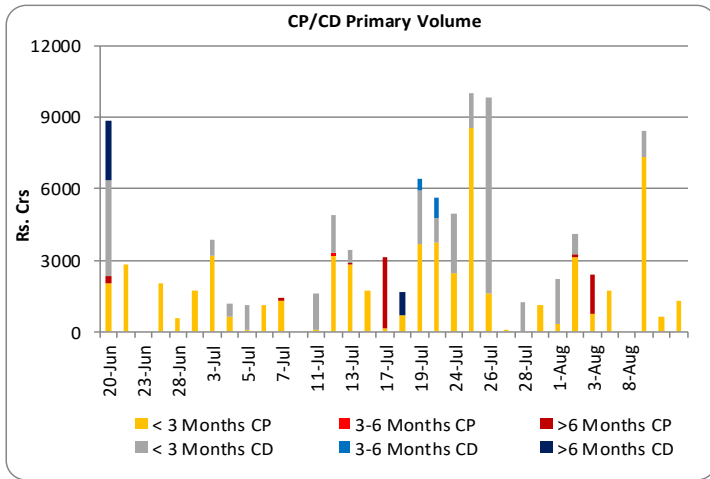
- Selling was seen in 3year G-sec by foreign banks @7.20 centric levels.
- G-sec cut off was in line with market expectation and new 10yr paper got traded at 5ps premium in secondary market post cut off.
- Switches were reported in longer end G-sec with major players being foreign banks.

### Corporate Bonds

- Mutual funds were seen selling throughout but specially in the 2026 segment.

### CP/CD

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



10 Year Benchmarks	11-Aug	10-Aug	4-Aug	13-Jul
India	7.20	7.15	7.19	7.07
US	4.10	4.08	4.06	3.76
South Korea	3.83	3.79	3.88	3.65
Russia	11.77	11.72	11.58	11.36
Brazil	10.93	10.93	10.82	10.63
Germany	2.59	2.50	2.54	2.47
China	2.65	2.66	2.68	2.68

Top Traded Securities	Volume	11-Aug	10-Aug	4-Aug	13-Jul
7.26 2033	22,785	7.20	7.15	7.19	7.07
7.06 2028	1,860	#N/A	7.30	7.34	7.21
7.62 2039	-	7.22	7.18	7.22	7.12
7.30 2053	1,175	#N/A	#N/A	#N/A	7.19
6.64 2035	375	#N/A	#N/A	7.33	7.17
7.40 2035	20	#N/A	#N/A	7.34	7.17

DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
3-Aug-23	3082	2594	487

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	3594	3518	76

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	6676	6112	563

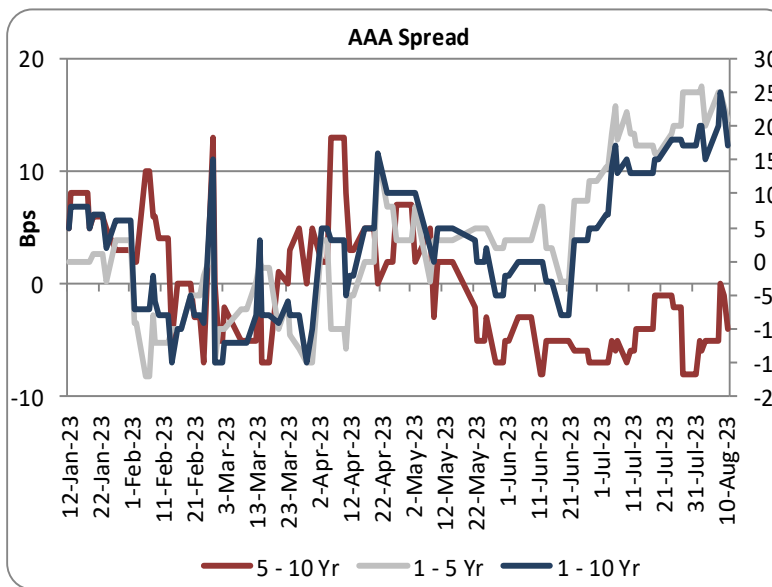
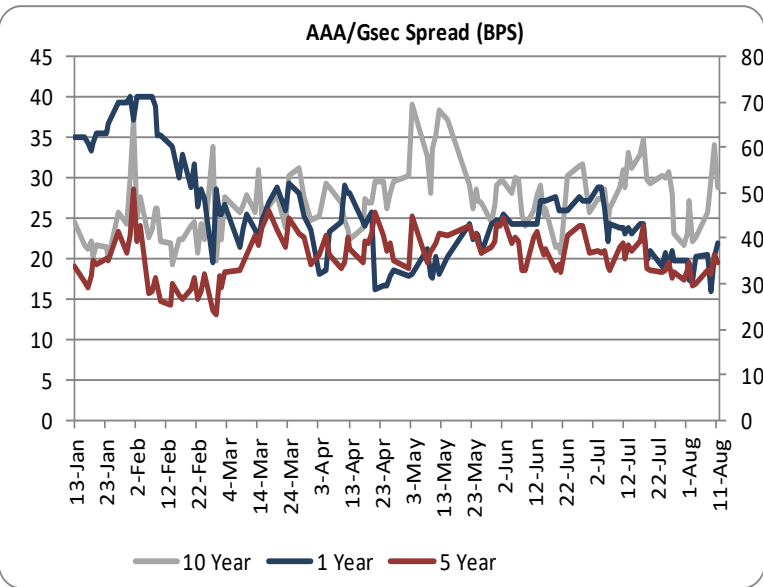
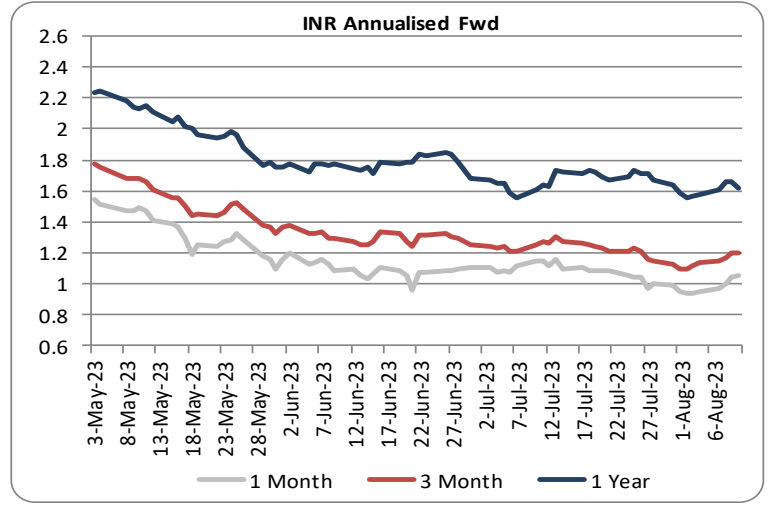
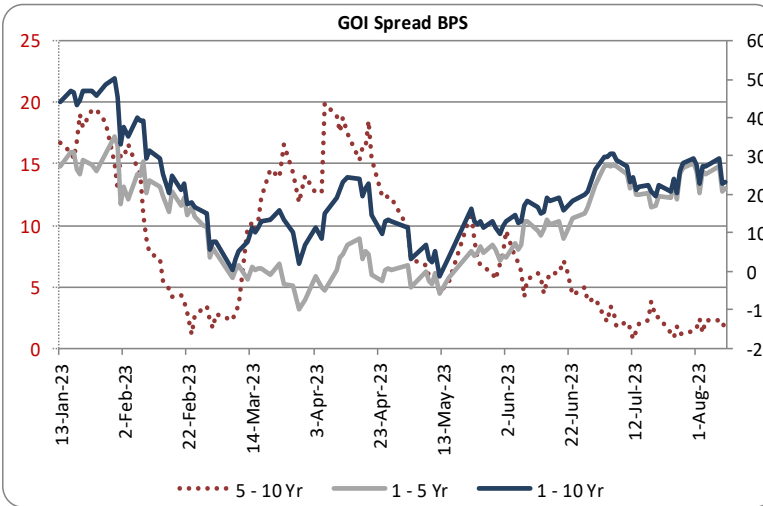
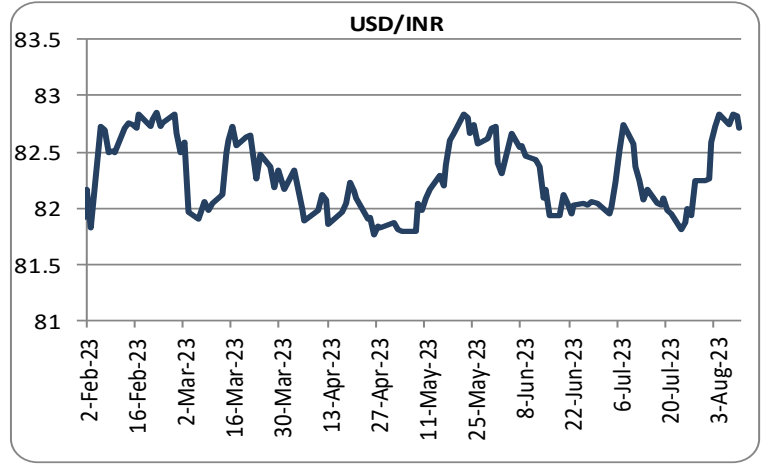
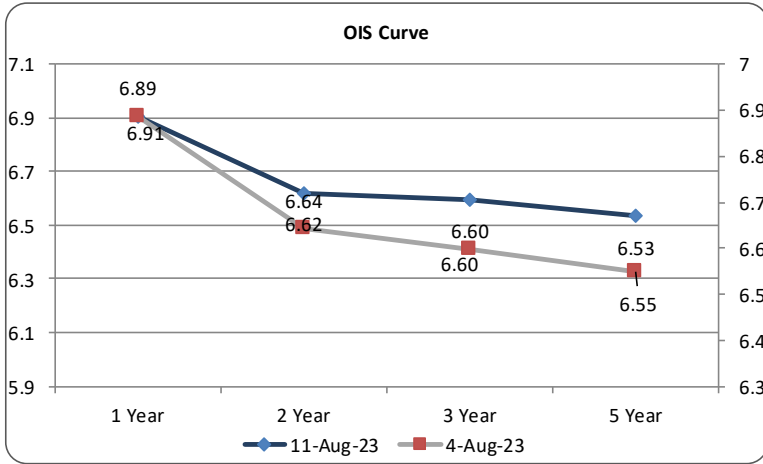
DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
11-Aug-23	403	144	259

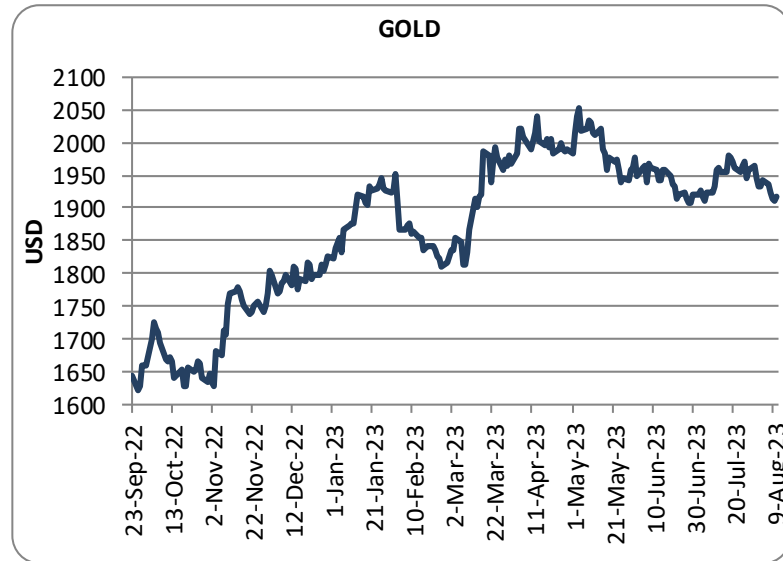
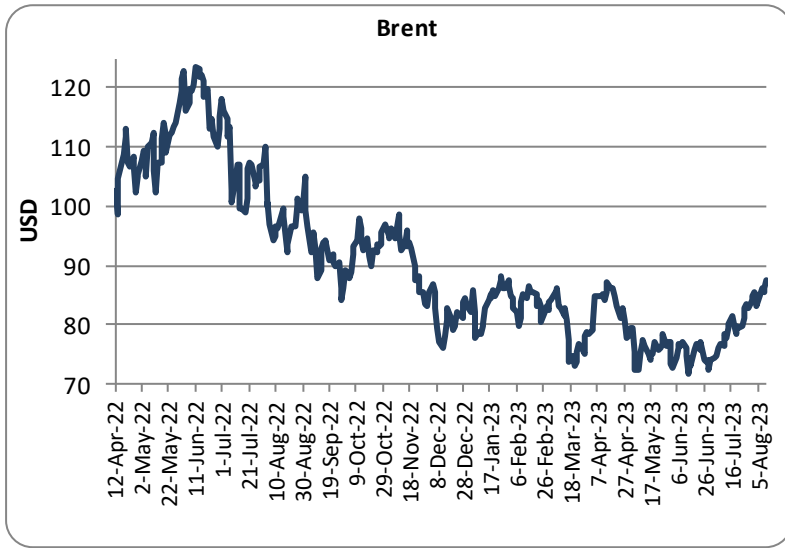
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	11572	9523	2049

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	11975	9667	2308

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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