



BONDWATCH

Daily

July 11, 2023

INDIA

Indian government bond yields slumped for a second consecutive session on Tuesday as the 10-year U.S. yield fell below the key 4% level ahead of the inflation data, prompting traders to cover their short positions.

The benchmark 7.26% 2033 bond yield ended at 7.0935%, after closing at 7.1337% on Monday. The yield logged its biggest daily fall since May 16.

U.S. yields fell and the inversion in a key part of the yield curve contracted as investors waited for inflation data, due on Wednesday, with some speculating a downward surprise, which could ease pressure to hike rates aggressively.

The 10-year yield was at 3.95%, after hitting a high of 4.09% on Monday, while the two-year yield was at 4.83%.

The Federal Reserve kept interest rates unchanged in June, but the minutes released last week showed it may raise rates by another 50 bps in 2023. The odds of a 25-bps hike in July remain around 89%, but lower inflation reading could prompt the Fed to pause after July.

Market participants also await local inflation print for June, due on Wednesday. India's inflation likely snapped a four-month decline in June as food prices surged. Market participants predict retail inflation rose 4.58% on-year in June, slightly faster than the 4.25% recorded in May.

A steeper-than-expected surge in the prices of vegetables, especially tomatoes, over the past few weeks could push India's retail inflation towards 5.5% in the July-September quarter.

The Indian rupee strengthened 0.25% versus the U.S. dollar, and quoted at 82.3650 per dollar mirroring similar moves in Asian peers amid a strong risk appetite in the region.

Repo: The weighted average call rates in the interbank segment remained the same at 6.56% vs 6.56% as on the previous day while that the TREP segment decreased to 6.39% vs 6.49% as on the previous day.

Market Observations

G-sec

- Demand was seen in 2030 SDLs. Major buyers were insurance companies and pension funds.
- 30 and 40-year G-sec witnessed a rally of almost 4bps.

Corporate Bonds

- Size trades seen due to corporates selling. Corporates buying in shorter segment NBFC's.
- Mutual funds were active in late 2024 to 2025 maturity

CP/CD

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

GOI Yield	11-Jul	10-Jul	4-Jul	12-Jun
1 Year	6.860	8.860	6.820	6.850
5 Year	7.077	7.112	7.096	6.957
10 Year	7.094	7.134	7.118	7.018

AAA Bmk	11-Jul	10-Jul	4-Jul	12-Jun
1 Year	7.40	7.40	7.45	7.40
5 Year	7.59	7.62	7.59	7.48
10 Year	7.53	7.55	7.52	7.40

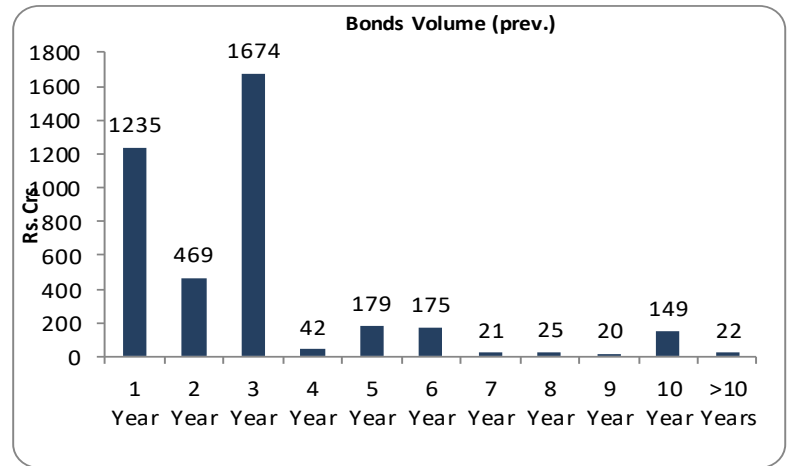
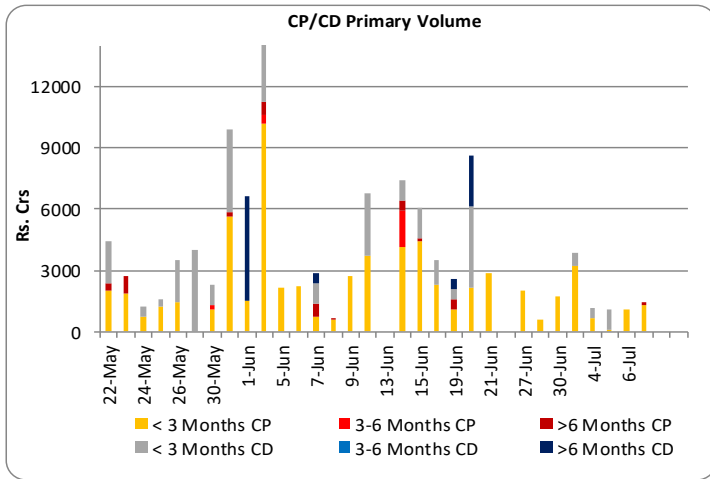
CD	11-Jul	10-Jul	4-Jul	12-Jun
3 Month	6.95	6.95	6.95	6.98
6 Month	7.20	7.20	7.20	7.20
1 Year	7.50	7.50	7.55	7.40

CP	11-Jul	10-Jul	4-Jul	12-Jun
3 Month	7.10	7.10	7.10	7.08
6 Month	7.30	7.30	7.30	7.30
1 Year	7.60	7.60	7.65	7.50

OIS Rate	11-Jul	10-Jul	4-Jul	12-Jun
1 Year	6.78	6.81	6.74	6.63
2 Year	6.49	6.56	6.47	6.32
3 Year	6.40	6.47	6.39	6.22
5 Year	6.37	6.44	6.33	6.16

	11-Jul	10-Jul	4-Jul	12-Jun
Sensex	65,618	65,344	65,479	62,725
Nifty	19,439	19,356	19,389	18,602
USD/INR	82.37	82.57	82.02	82.43
Gold (USD)	1,937	1,925	1,925	1,957
Oil (USD)	78.06	77.69	76.25	71.84

NDF	11-Jul	10-Jul	4-Jul	12-Jun
3 Month	82.68	82.83	82.25	82.64
1 Year	83.66	83.84	83.23	83.73
2 Year	85.85	85.87	85.29	85.80
3 Year	88.56	88.52	87.94	88.55



10 Year Benchmarks	11-Jul	10-Jul	4-Jul	12-Jun
India	7.09	7.15	7.12	7.02
US	3.97	4.01	3.86	3.77
South Korea	3.76	3.85	3.62	3.57
Russia	11.30	11.30	11.19	10.86
Brazil	10.77	10.71	10.69	11.26
Germany	2.62	2.63	2.46	2.38
China	2.68	2.69	2.71	2.69

Top Traded Securities	Volume	11-Jul	10-Jul	4-Jul	12-Jun
5.74 2026	125	7.08	7.12	7.08	#N/A
7.38 2027	-	7.08	7.11	7.10	6.96
7.10 2029	-	7.10	7.15	7.12	7.00
6.54 2032	-	7.15	7.20	7.16	7.07
7.26 2032	#VALUE!	7.13	7.17	7.16	7.06
7.54 2036	-	7.21	7.26	7.25	7.13

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
10-Jul-23	2579	1397	1182

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
10-Jul-23	1537	1553	-17

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
10-Jul-23	4116	2951	1165

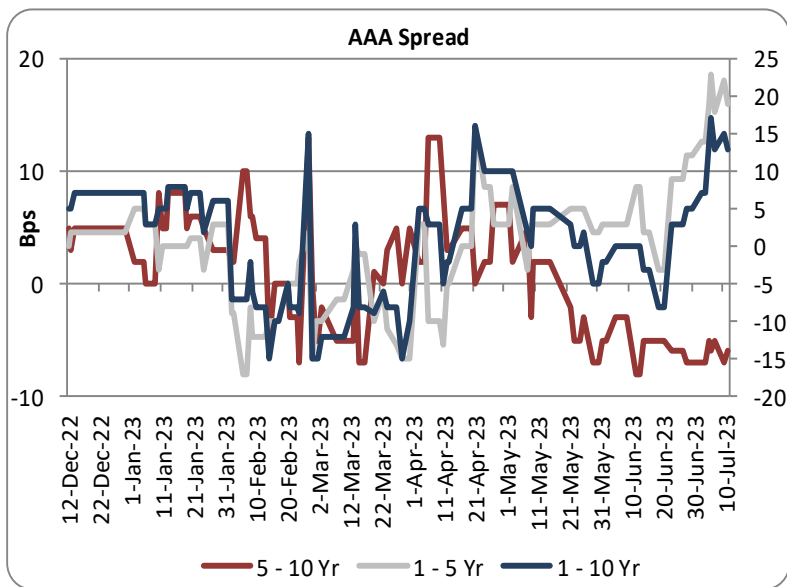
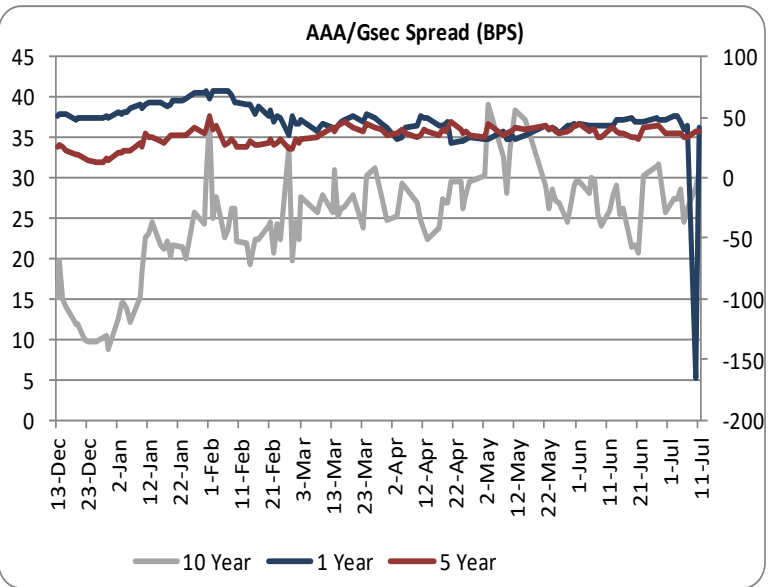
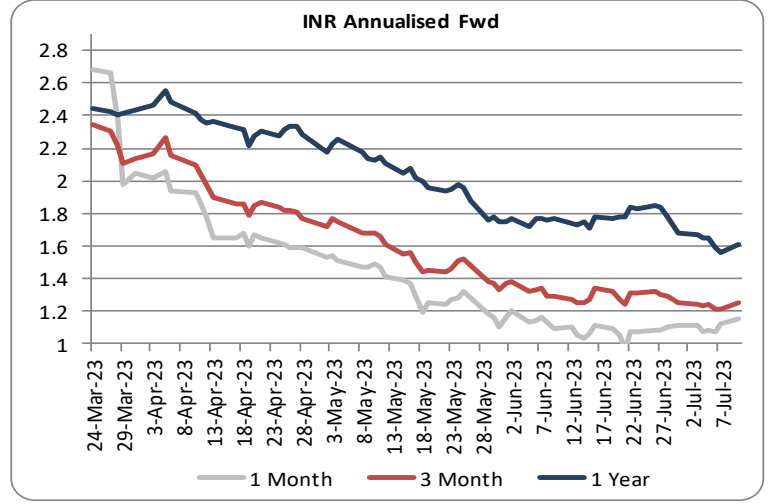
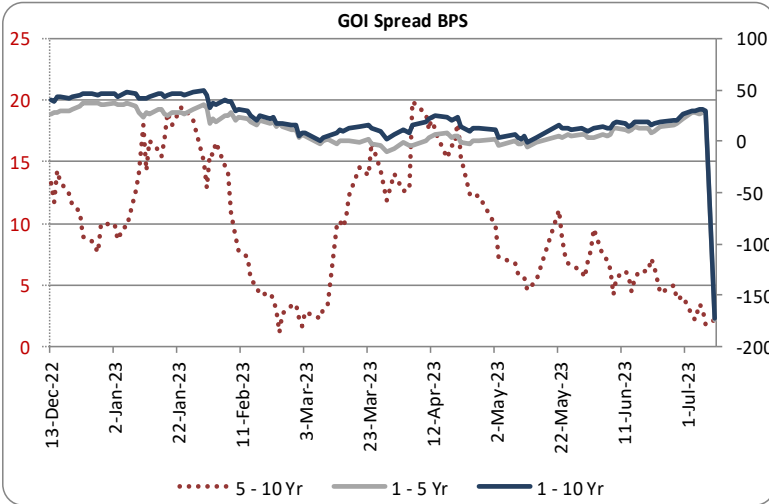
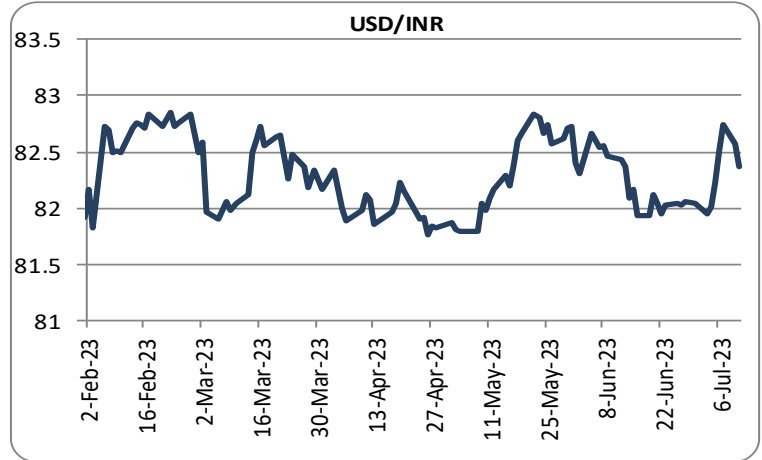
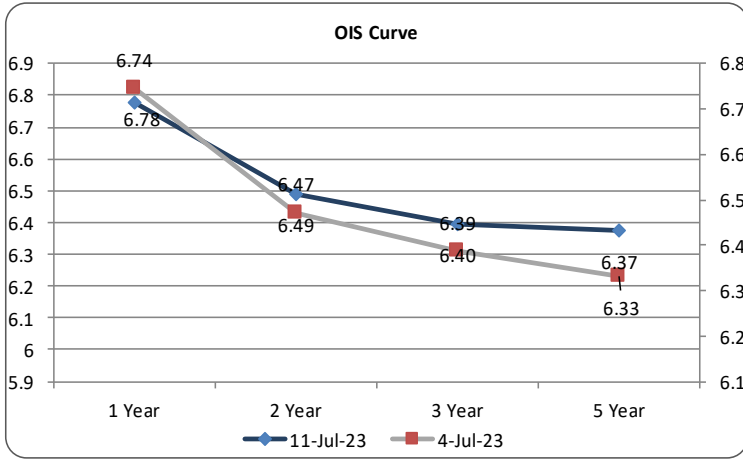
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
11-Jul-23	#REF!	#REF!	#REF!

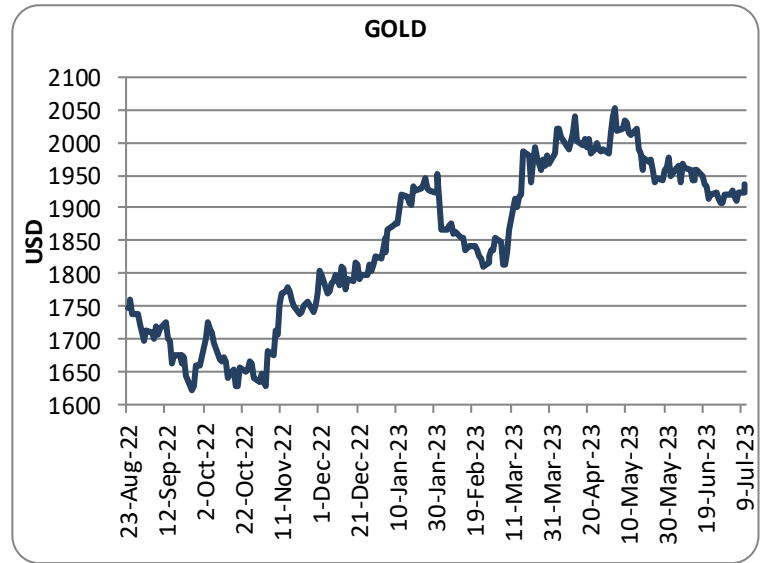
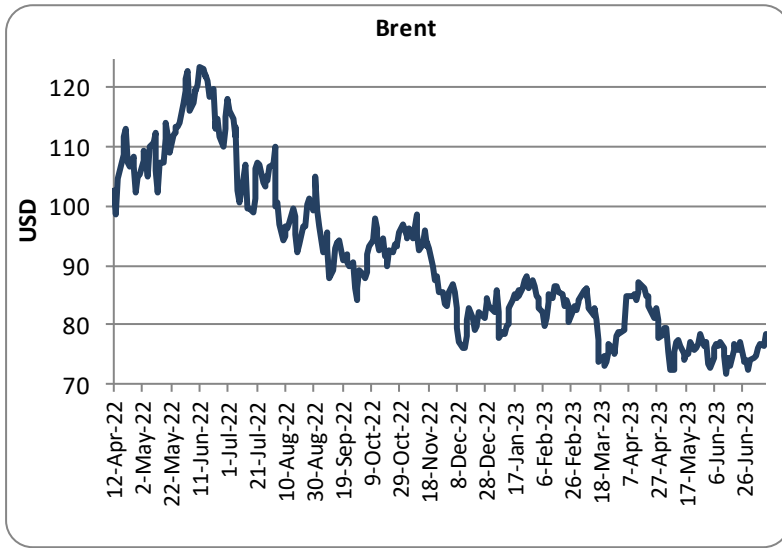
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
11-Jul-23	8488	7429	1059

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
11-Jul-23	#REF!	#REF!	#REF!

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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