



BONDWATCH

INDIA

Daily

May 12, 2023

Indian government bond yields ended lower on Friday, with the benchmark bond yield ending at its lowest level in over 13 months, on expectations of better-than-expected inflation data.

The 10-year benchmark 7.26% 2033 bond yield ended at 6.9938%, after closing at 7.0234% in the previous session. The yield, however, ended 2 bps lower, after falling by 11 bps in the last week.

The 10-year benchmark bond yield settled at the lowest closing level since April 7, 2022.

India's inflation cooled to an 18-month low in April to 4.70%, below the RBI's upper tolerance limit for the second consecutive month.

The benchmark bond yield will sustain below 7% if we see a big fall in inflation, especially core inflation because the central bank has highlighted that as one of the key monitorables.

If the benchmark yield remains below 7%, it may find support at 6.90%.

Oil markets regained some ground on Friday with traders engaged in short covering ahead of the weekend, but uncertainties regarding the US debt ceiling and renewed fears over a US regional banking crisis capped gains.

The Indian rupee weakened 0.08% versus the U.S. dollar, and quoted at 82.1625 per dollar, dragged down by a broader strength in the dollar index.

Repo: The weighted average call rates in the interbank segment increased to 6.77% vs 6.75% as on the previous day while that the TREP segment remained the same at 6.76% vs 6.76% as on the previous day.

Market Observations

G-sec

- Higher demand seen in 3-month maturity bills.
- Mutual funds seen buying 10-12 year maturity SDL's

Corporate Bonds

- Longer end was active especially the 10-year segment. Banks and insurance companies were the major buyers.
- Mutual funds were the most active in 3-5-year segment.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	12-May	11-May	3-May	12-Apr
1 Year	7.005	6.970	6.975	6.980
5 Year	6.947	6.968	6.933	7.026
10 Year	6.994	7.023	7.006	7.213

AAA Bmk	12-May	11-May	3-May	12-Apr
1 Year	7.45	7.45	7.42	7.60
5 Year	7.48	7.48	7.50	7.55
10 Year	7.50	7.50	7.52	7.58

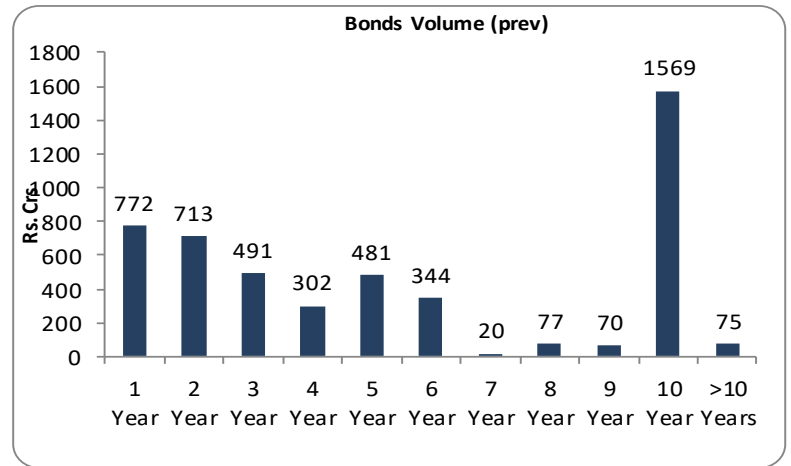
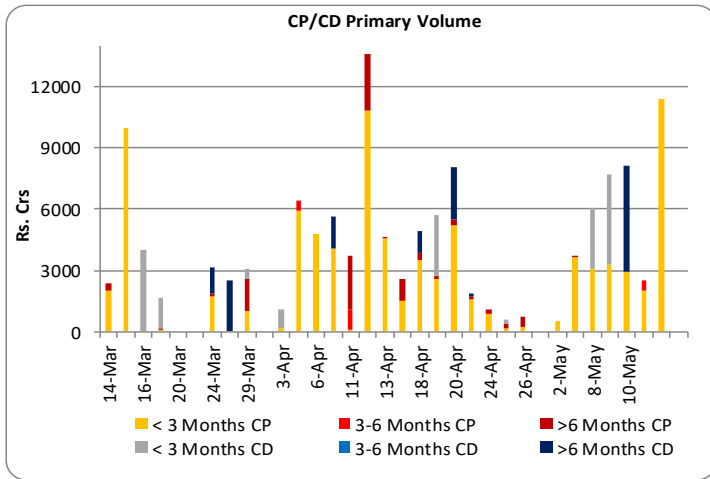
CD	12-May	11-May	3-May	12-Apr
3 Month	7.15	7.15	7.10	7.05
6 Month	7.35	7.35	7.30	7.35
1 Year	7.50	7.50	7.45	7.50

CP	12-May	11-May	3-May	12-Apr
3 Month	7.25	7.25	7.15	7.15
6 Month	7.45	7.45	7.35	7.45
1 Year	7.60	7.60	7.55	7.60

OIS Rate	12-May	11-May	3-May	12-Apr
1 Year	6.61	6.60	6.57	6.59
2 Year	6.23	6.22	6.17	6.19
3 Year	6.07	6.06	6.01	6.10
5 Year	6.03	6.02	5.99	6.12

	12-May	11-May	3-May	12-Apr
Sensex	62,028	61,905	61,193	60,393
Nifty	18,315	18,297	18,090	17,812
USD/INR	82.16	82.09	81.82	82.08
Gold (USD)	2,003	2,016	2,039	2,015
Oil (USD)	75.17	74.98	72.33	87.33

NDF	12-May	11-May	3-May	12-Apr
3 Month	82.54	82.50	82.14	82.36
1 Year	83.86	83.86	83.52	83.54
2 Year	86.44	86.26	85.94	86.32
3 Year	89.59	89.11	88.84	89.62



10 Year Benchmarks	12-May	11-May	3-May	12-Apr
India	7.00	7.02	7.01	7.21
US	3.42	3.40	3.40	3.42
South Korea	3.27	3.29	3.33	3.26
Russia	10.69	10.66	10.61	10.54
Brazil	12.07	11.95	12.20	12.57
Germany	2.26	2.22	2.25	2.36
China	2.71	2.71	2.79	2.82

Top Traded Securities	Volume	12-May	11-May	3-May	12-Apr
5.74 2026	130	6.92	6.94	6.91	7.02
7.38 2027	20	6.96	6.97	6.93	7.03
7.10 2029	35	7.00	7.03	6.98	7.12
6.54 2032	25	7.06	7.09	7.07	7.24
7.26 2032	525	7.05	7.08	7.06	7.21
7.54 2036	10	7.09	7.14	7.12	7.35

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
9-May-23	5045	4658	386

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
9-May-23	5336	5311	25

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
9-May-23	10380	9969	411

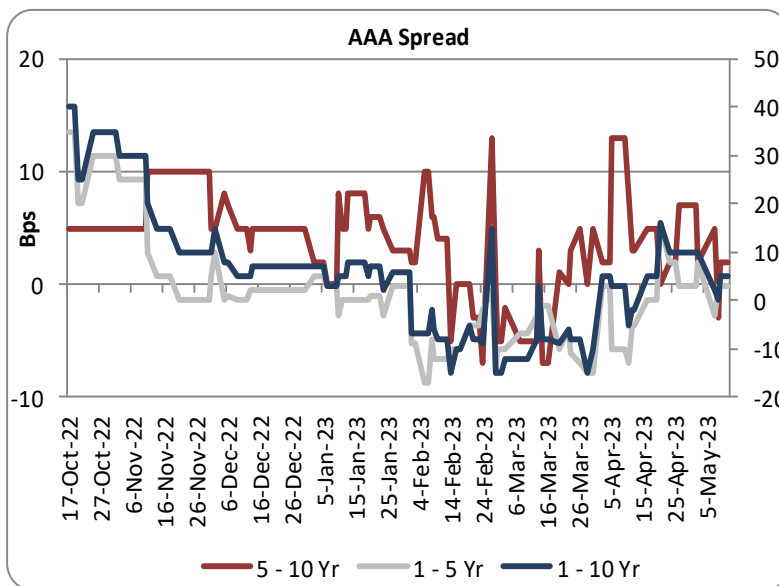
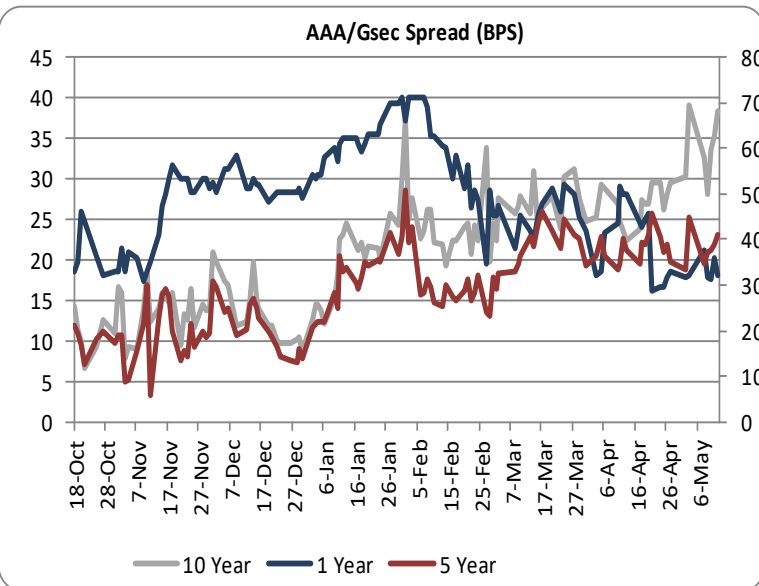
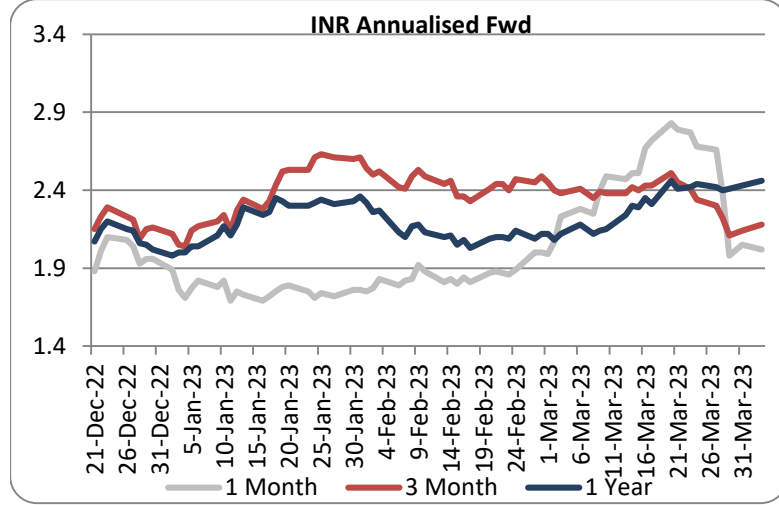
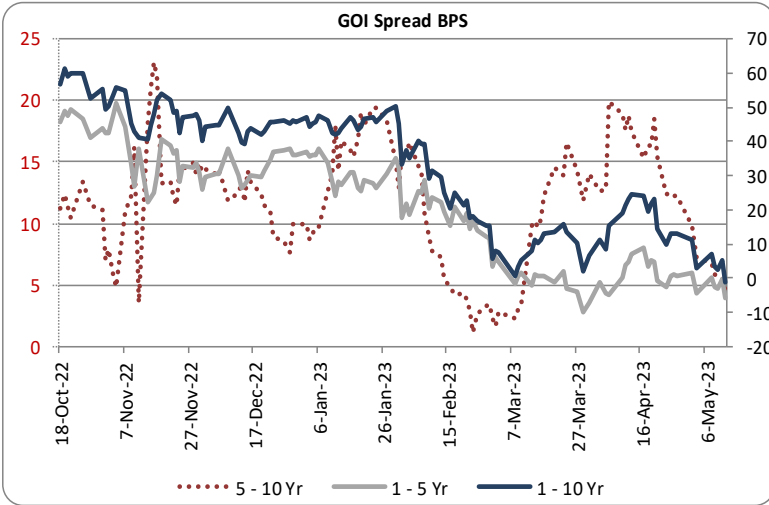
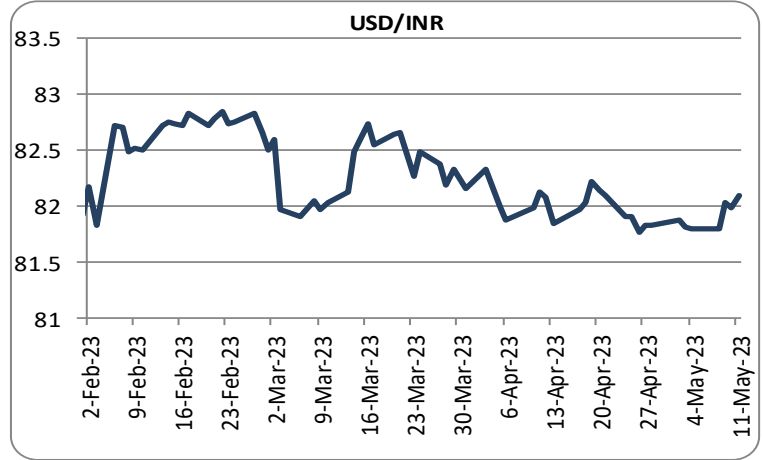
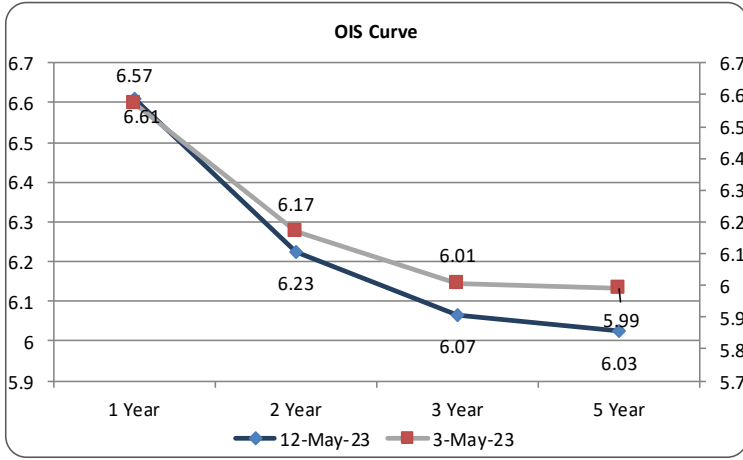
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
12-May-23	1481	469	1012

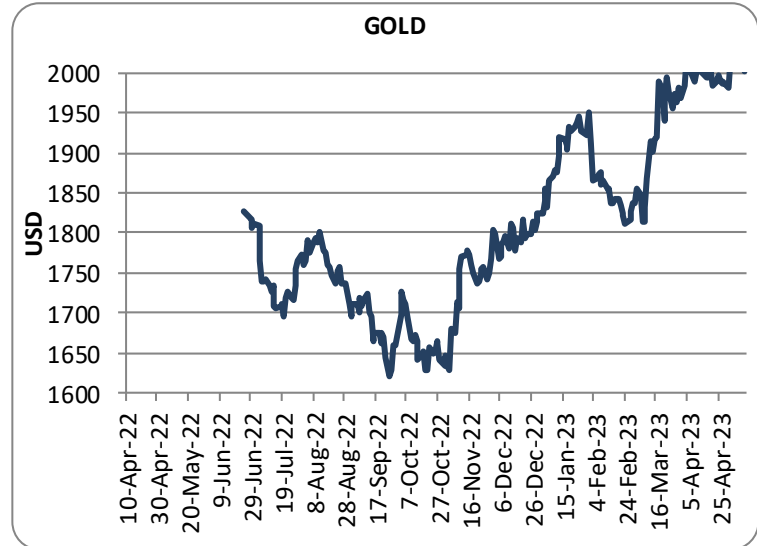
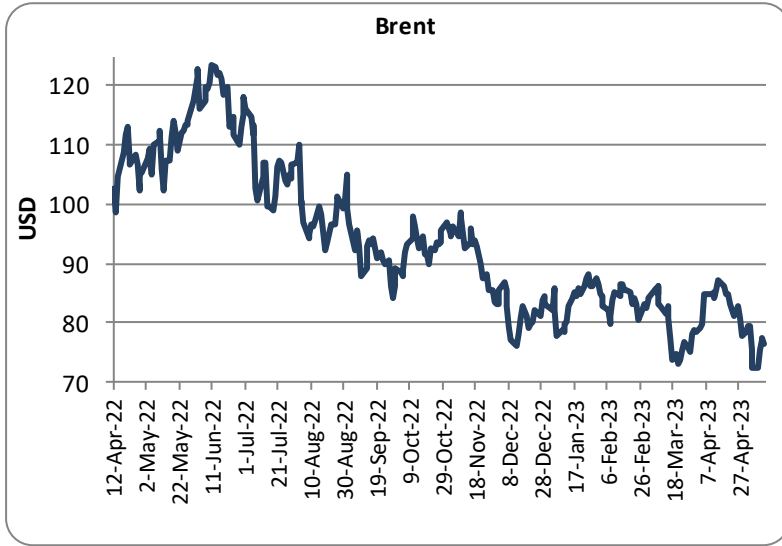
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
12-May-23	7947	6957	990

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
12-May-23	9428	7425	2002

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Mar-23	1.3	3.9
CPI (%)	Mar-23	5.7	6.4
IIP (%)	Feb-23	5.6	5.2
PMI Manufacturing	Apr-23	57.2	56.4
PMI Service	Apr-23	62	57.8

Economic Calender	Country	Date	Poll	Prior
CPI	China	11-May-23	-	7.20
GDP	UK	12-May-23	0.20	0.60
CPI	India	12-May-23	4.80	5.66
WPI	India	15-May-23	(0.20)	1.34
Industrial Output	China	16-May-23	10.10	3.90
Exports	Japan	18-May-23	-	4.30
Unemployment Rate	Australia	18-May-23	3.50	3.50
CPI	UK	24-May-23	-	10.10





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

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