



BONDWATCH

Daily

September 12, 2023

INDIA

Indian government bond yields fell marginally on Tuesday, as market participants digested a sale of debt by states and awaited the August domestic retail inflation print.

The new 10-year benchmark 7.18% 2033 bond yield ended at 7.2002%, compared to its previous close of 7.2135%. The most-traded 7.26% 2033 bond yield ended at 7.2280% after closing the previous session at 7.2458%.

A positive surprise in local CPI print could push yields lower but the near-term bias is likely to remain upward on concerns around oil prices.

India's August inflation reading came at 6.83% as against 7.44% in July. Market participants will now await U.S. inflation data due on Wednesday.

U.S. Treasury yields edged higher on Monday amid fears that interest rates will remain higher for longer.

Even though the U.S. Federal Reserve is not expected to hike rates next week, the odds of a hike in November are hovering near 46%.

The Reserve Bank of India (RBI) held its key lending rate steady at 6.50% in its August policy. The next policy meeting is scheduled for October.

Meanwhile, oil prices rose on Tuesday, boosted by a tighter supply outlook and remained above \$90 a barrel. India is one of the largest importers of the commodity and higher oil prices push inflation up.

The Indian rupee strengthened 0.13% versus the U.S. dollar, and quoted at 82.9225 per dollar but traders estimate that a further rally in the local unit will be limited.

Repo: The weighted average call rates in the interbank segment increased to 6.73% vs 6.67% as on the previous day while that the TREP segment increased to 6.75% vs 6.68% as on the previous day.

GOI Yield	12-Sep	11-Sep	5-Sep	11-Aug
1 Year	7.040	6.988	7.000	6.940
5 Year	7.238	7.258	7.187	7.186
10 Year	7.228	7.246	7.207	7.202

AAA Bmk	12-Sep	11-Sep	5-Sep	11-Aug
1 Year	7.50	7.50	7.45	7.45
5 Year	7.68	7.68	7.65	7.66
10 Year	7.63	7.63	7.62	7.62

CD	12-Sep	11-Sep	5-Sep	11-Aug
3 Month	7.05	7.02	7.02	7.00
6 Month	7.25	7.25	7.20	7.20
1 Year	7.50	7.50	7.50	7.50

CP	12-Sep	11-Sep	5-Sep	11-Aug
3 Month	7.12	7.12	7.12	7.10
6 Month	7.35	7.35	7.35	7.30
1 Year	7.60	7.60	7.60	7.60

OIS Rate	12-Sep	11-Sep	5-Sep	11-Aug
1 Year	7.08	7.08	7.01	6.91
2 Year	6.86	6.84	6.75	6.62
3 Year	6.83	6.77	6.71	6.60
5 Year	6.81	6.80	6.67	6.53

	12-Sep	11-Sep	5-Sep	11-Aug
Sensex	67,221	67,127	65,780	65,323
Nifty	19,993	19,996	19,575	19,428
USD/INR	82.92	83.03	83.04	82.85
Gold (USD)	1,911	1,922	1,926	1,913
Oil (USD)	91.23	90.64	90.04	86.81

NDF	12-Sep	11-Sep	5-Sep	11-Aug
3 Month	83.24	83.20	83.42	83.20
1 Year	84.34	84.35	84.55	84.35
2 Year	86.61	86.65	86.74	86.47
3 Year	89.41	89.25	89.44	89.12

Market Observations

G-sec

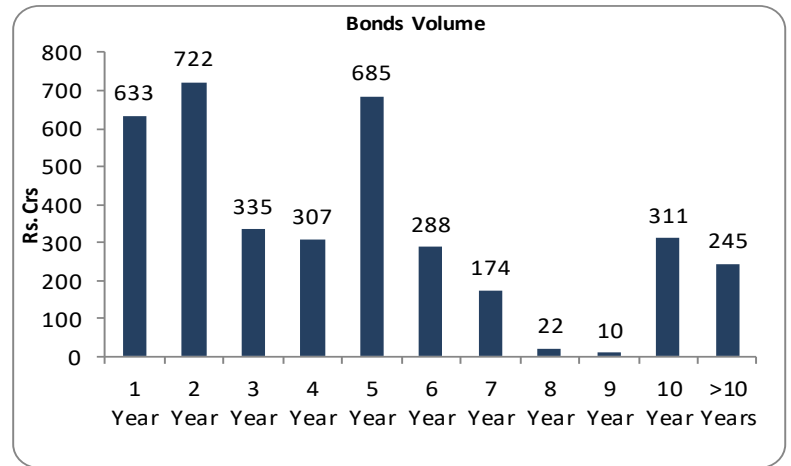
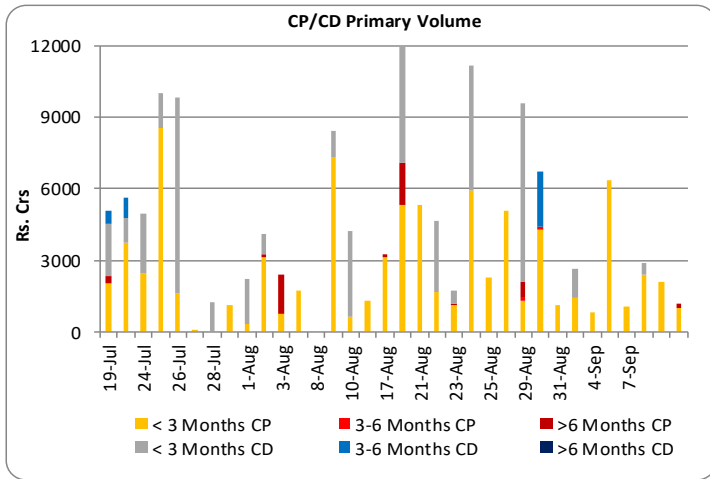
- SDL cut off was in line with market expectation, with spreads narrowing down to 23 to 25 bps between G-sec and SDL.

Corporate Bonds

- Mutual funds were selling in the 2025-2026 segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	12-Sep	11-Sep	5-Sep	11-Aug
India	7.20	7.21	7.21	7.20
US	4.29	4.29	4.27	4.17
South Korea	3.96	3.97	3.89	3.83
Russia	12.52	12.58	12.16	11.78
Brazil	11.37	11.29	11.23	10.95
Germany	2.64	2.64	2.61	2.62
China	2.66	2.66	2.64	2.65

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	14,705	7.20	7.17	7.18	7.15
7.06 2028	725	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	430	7.35	7.33	7.33	7.36
6.64 2035	515	7.17	7.16	7.22	7.24
7.40 2035	45	7.20	7.18	7.24	7.23

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
23-Aug-23	5219	4778	441

EQUITY	Gross Purchase	Gross Sales	Net Investment
	8538	8569	-31

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
13757	13346	410

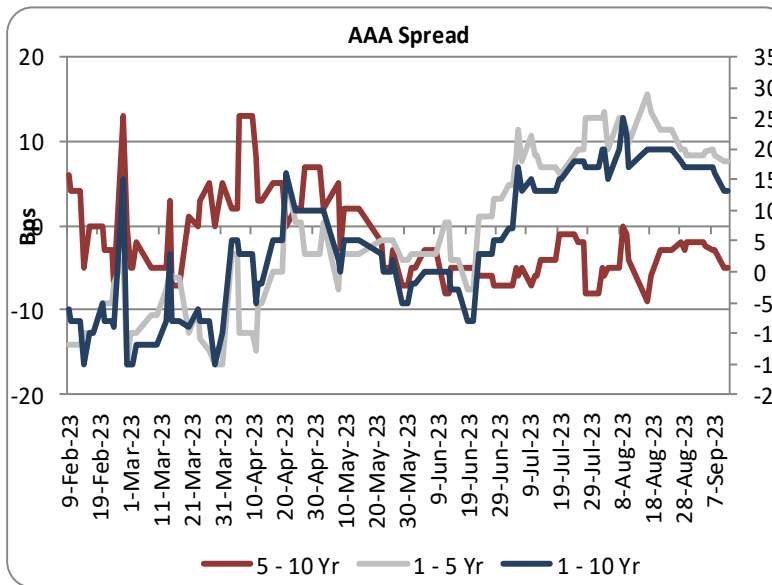
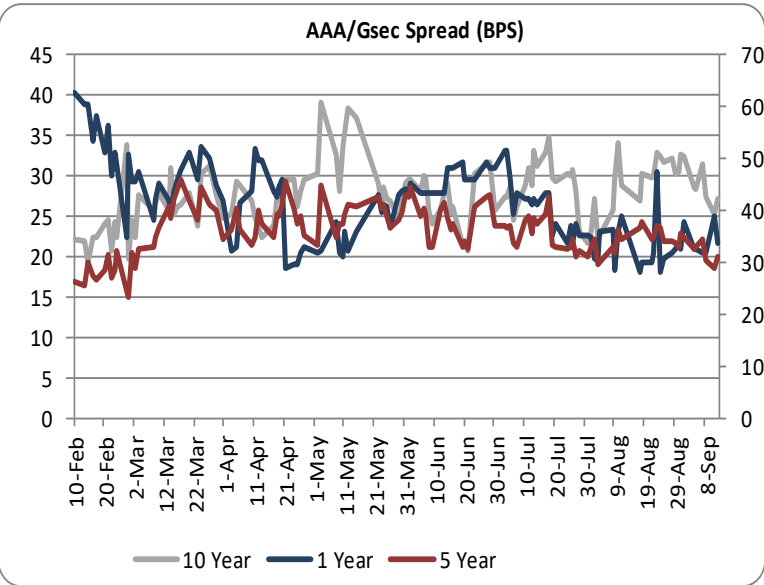
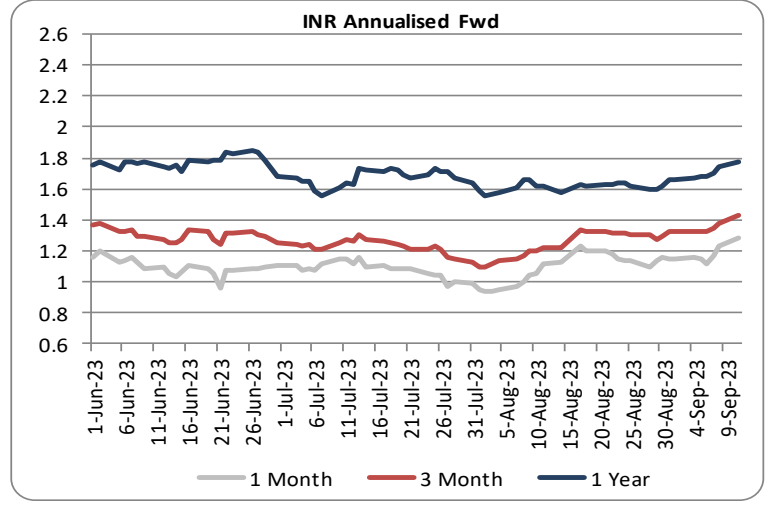
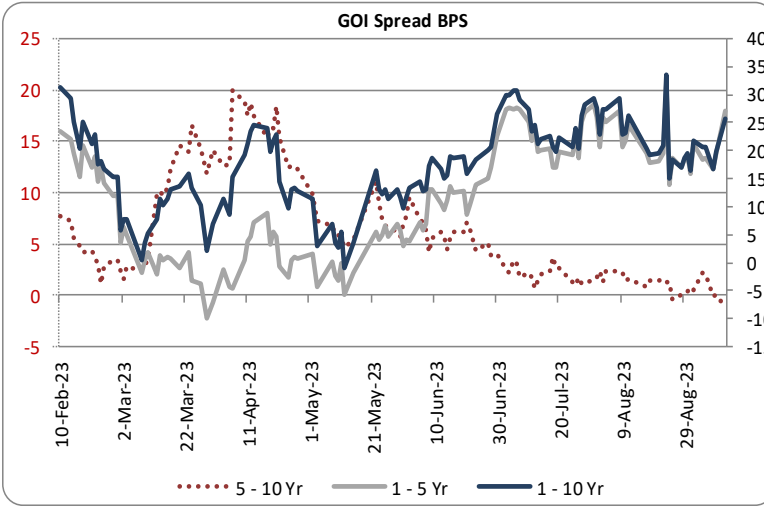
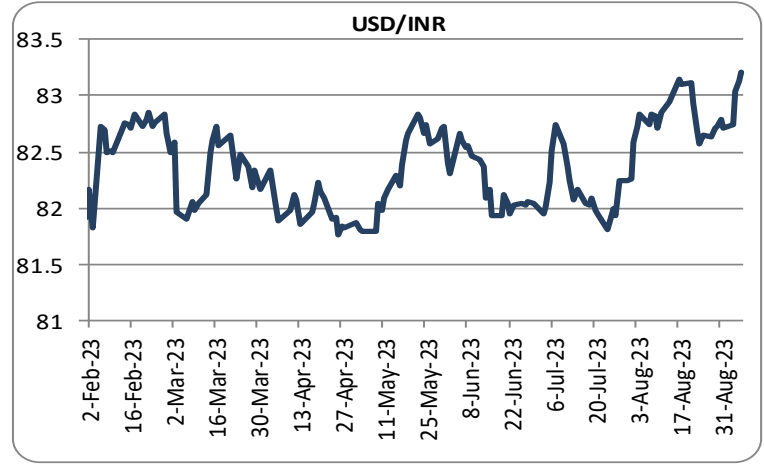
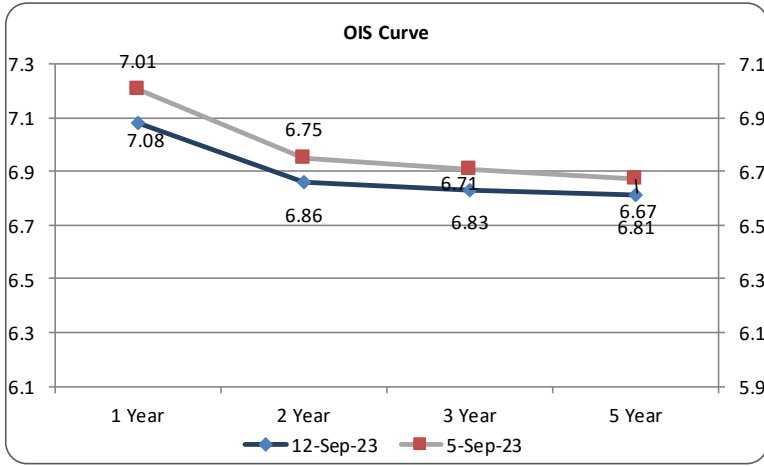
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
12-Sep-23	359	1006	-647

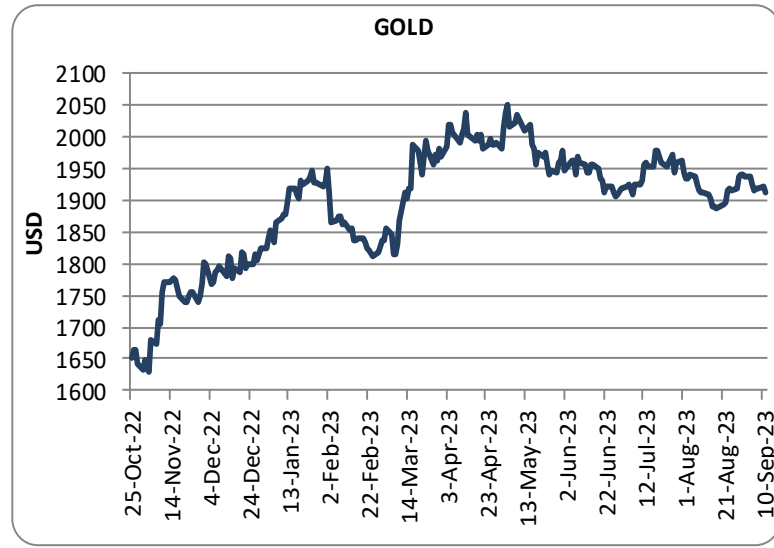
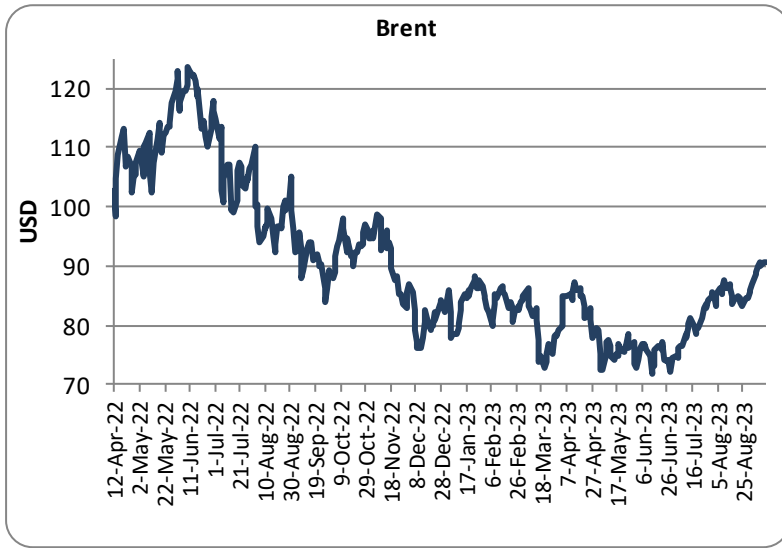
EQUITY	Gross Purchase	Gross Sales	Net Investment
	11498	10031	1467

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
11857	11037	820

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jul-23	-1.4	-4.1
CPI (%)	Jul-23	7.4	4.9
IIP (%)	Jun-23	3.7	5.2
PMI Manufacturing	Aug-23	58.6	57.7
PMI Service	Aug-23	60.1	62.3

Economic Calender	Country	Date	Poll	Prior
GDP YY	UK	13-Sep-23	0.4	0.9
Industrial Output	UK	13-Sep-23	0.50	0.70
CPI	USA	13-Sep-23	3.60	3.20
Unemployment Rate	Australia	14-Sep-23	3.70	3.70
ECB Refinancing Rate	Euro Zone	14-Sep-23	4.25	4.25
Retail Sales	Brazil	15-Sep-23	1.80	1.30
CPI	UK	20-Sep-23	-	6.80
Fed Funds Target Rate	USA	20-Sep-23	-	5.25-5.5





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

LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

The information in this document has been printed based on publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand, or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.

For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

Visit our website - <http://www.lkpsec.com/>