



BONDWATCH

Daily

September 13, 2023

INDIA

Indian government bond yields dropped on Wednesday on lower-than-expected August inflation data, but a rise in U.S. peers and oil prices stemmed the fall.

The new 10-year benchmark 7.18% 2033 bond yield ended at 7.1738%, compared with its previous close of 7.2002%.

The inflation number provided comfort to the market and the CPI (consumer price index) is expected to fall further in September. However, U.S. inflation print will be a key trigger, which will provide direction to the benchmark bond yield.

India's retail inflation eased to 6.83% in August from 7.44% in July and below the 7% estimated by market participants. It, however, remained above the RBI's target band for a second consecutive month.

The overnight index swaps fell on Wednesday following moderation in inflation. Market participants now see the Reserve Bank of India holding rates steady for the rest of this fiscal. The RBI held its key lending rate steady at 6.50% in its August policy. The next policy meeting is scheduled in October.

The U.S. 10-year yield rose ahead of the inflation data due later in the day and was at 4.30%, while oil prices extended 10-month highs on supply concerns.

The Indian rupee weakened 0.07% versus the U.S. dollar, and quoted at 82.97 per dollar tracking most Asian peers lower.

Repo: The weighted average call rates in the interbank segment increased to 6.74% vs 6.73% as on the previous day while that the TREP segment remained the same at 6.75% vs 6.75% as on the previous day.

GOI Yield	13-Sep	12-Sep	5-Sep	17-Aug
1 Year	7.050	7.040	7.000	7.045
5 Year	7.157	7.238	7.187	7.241
10 Year	7.195	7.228	7.207	7.249

AAA Bmk	13-Sep	12-Sep	5-Sep	17-Aug
1 Year	7.53	7.50	7.45	7.45
5 Year	7.68	7.68	7.65	7.74
10 Year	7.63	7.63	7.62	7.65

CD	13-Sep	12-Sep	5-Sep	17-Aug
3 Month	7.10	7.05	7.02	7.05
6 Month	7.25	7.25	7.20	7.30
1 Year	7.55	7.50	7.50	7.50

CP	13-Sep	12-Sep	5-Sep	17-Aug
3 Month	7.20	7.12	7.12	7.20
6 Month	7.35	7.35	7.35	7.40
1 Year	7.65	7.60	7.60	7.60

OIS Rate	13-Sep	12-Sep	5-Sep	17-Aug
1 Year	7.05	7.08	7.01	7.03
2 Year	6.82	6.86	6.75	6.80
3 Year	6.79	6.83	6.71	6.76
5 Year	6.77	6.81	6.67	6.73

	13-Sep	12-Sep	5-Sep	17-Aug
Sensex	67,467	67,221	65,780	65,151
Nifty	20,070	19,993	19,575	19,365
USD/INR	82.99	82.92	83.04	83.15
Gold (USD)	1,912	1,913	1,926	1,889
Oil (USD)	92.62	92.06	90.04	84.12

NDF	13-Sep	12-Sep	5-Sep	17-Aug
3 Month	83.32	83.15	83.42	83.41
1 Year	84.48	84.28	84.55	84.48
2 Year	86.66	86.53	86.74	86.63
3 Year	89.51	89.33	89.44	89.28

Market Observations

G-sec

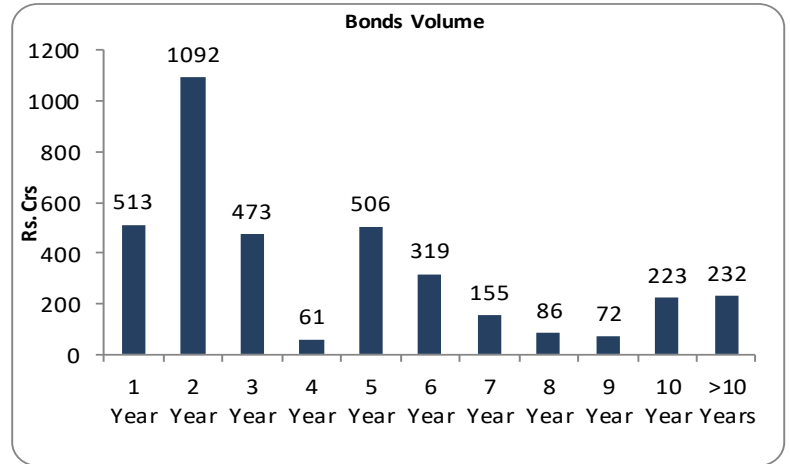
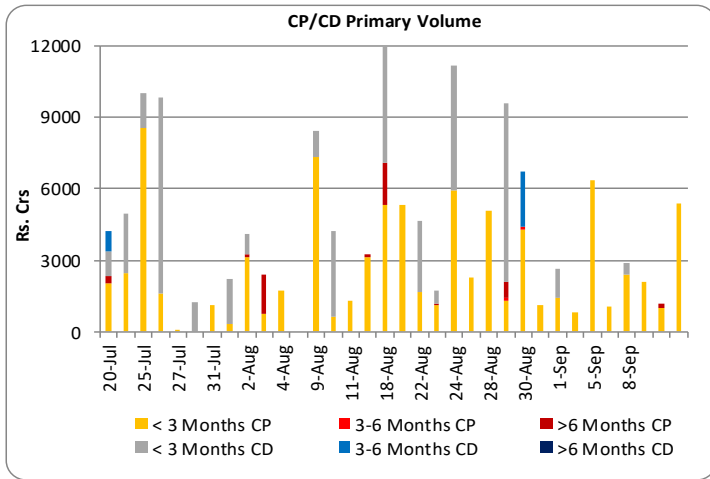
- Market opened on a positive note as the CPI inflation came below market expectations.
- Demand was seen in 5-year G-sec and SDLs by PDs and banks.
- T-bill cut off was in line with market expectations and heavy demand was seen in 3-month t-bill by Mutual funds @6.83 levels

Corporate Bonds

- Mutual funds were selling in the 2025-2026 segment.
- Few corporates were selling in the shorter segment and pension funds were buying in the longer end.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	13-Sep	12-Sep	5-Sep	17-Aug
India	7.18	7.20	7.21	7.25
US	4.31	4.26	4.27	4.31
South Korea	3.95	3.96	3.89	3.99
Russia	12.38	12.45	12.16	11.76
Brazil	11.22	11.22	11.23	11.29
Germany	2.68	2.64	2.61	2.70
China	2.65	2.66	2.64	2.57

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	21,225	7.20	7.17	7.18	7.15
7.06 2028	4,100	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	390	7.35	7.33	7.33	7.36
6.64 2035	215	7.17	7.16	7.22	7.24
7.40 2035	95	7.20	7.18	7.24	7.23

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
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

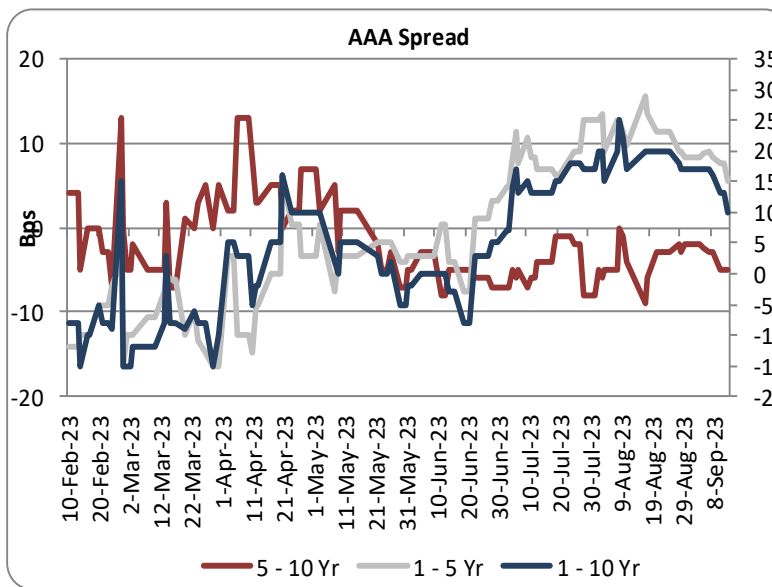
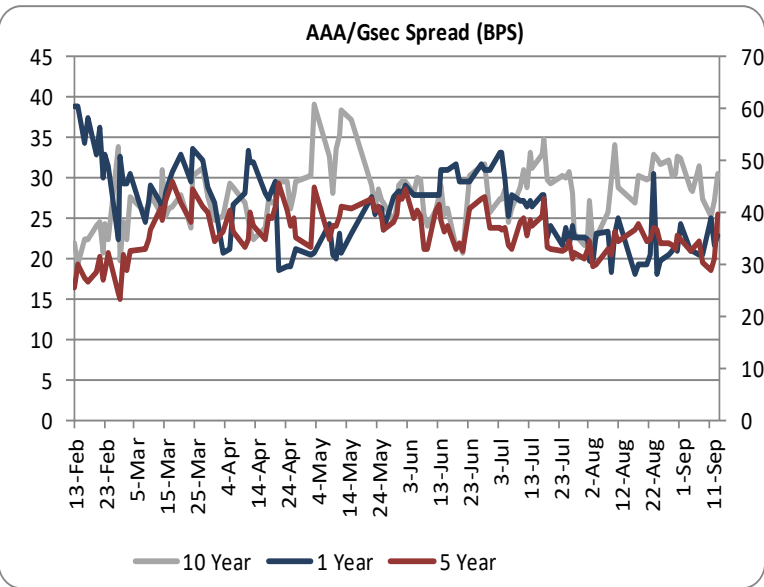
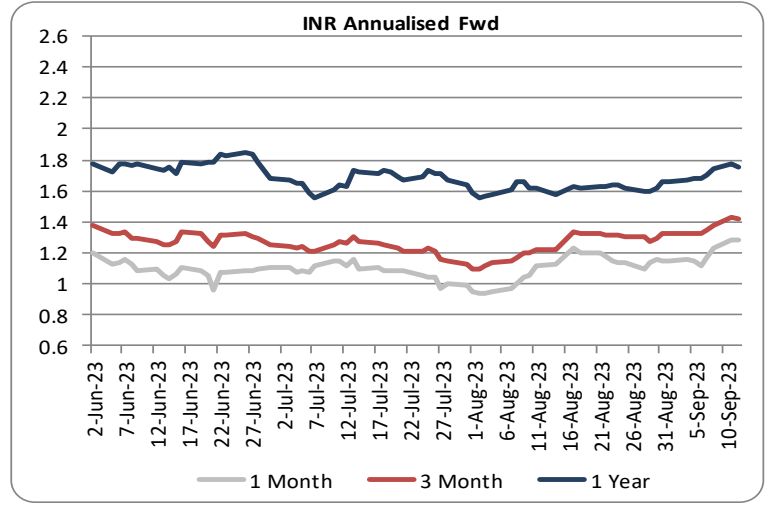
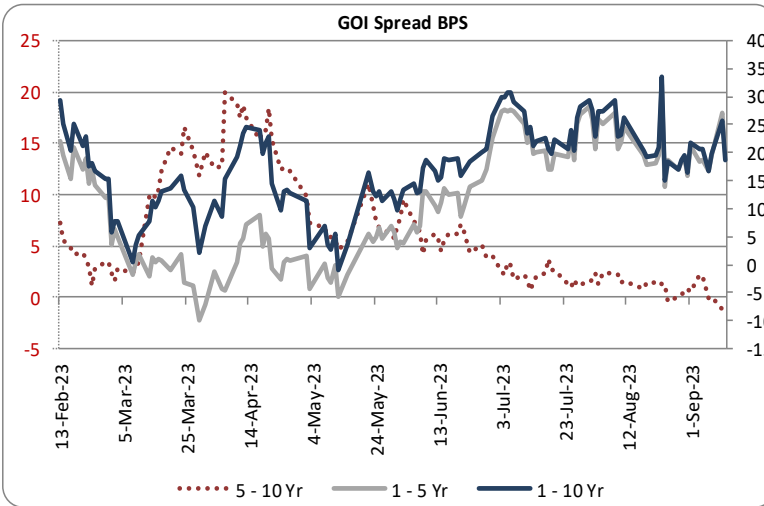
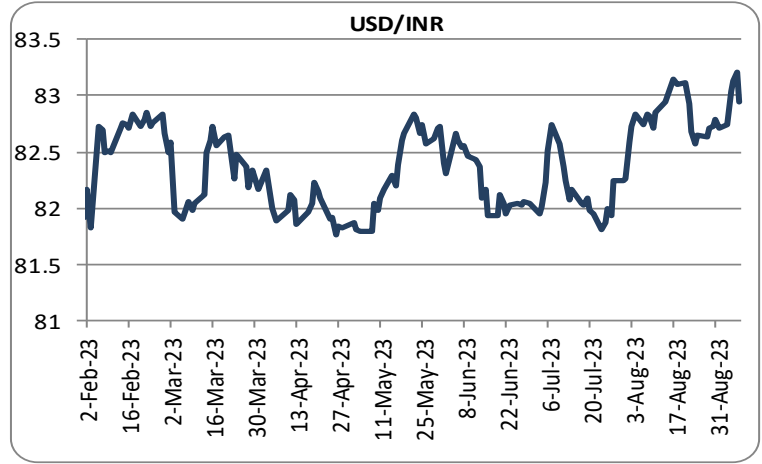
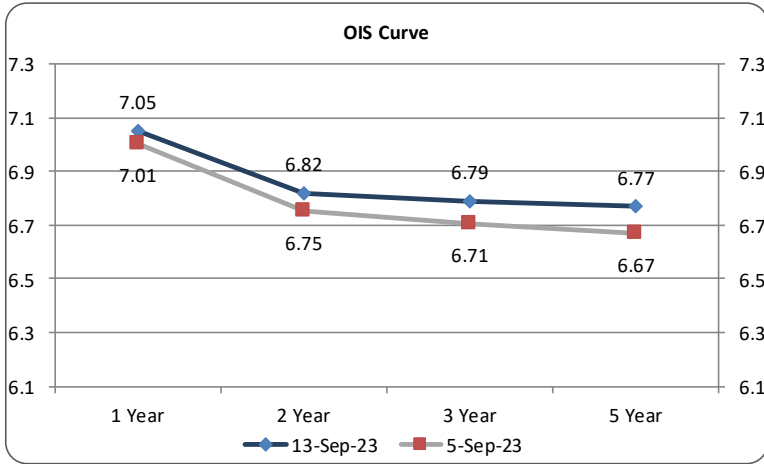
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
13-Sep-23	799	210	588

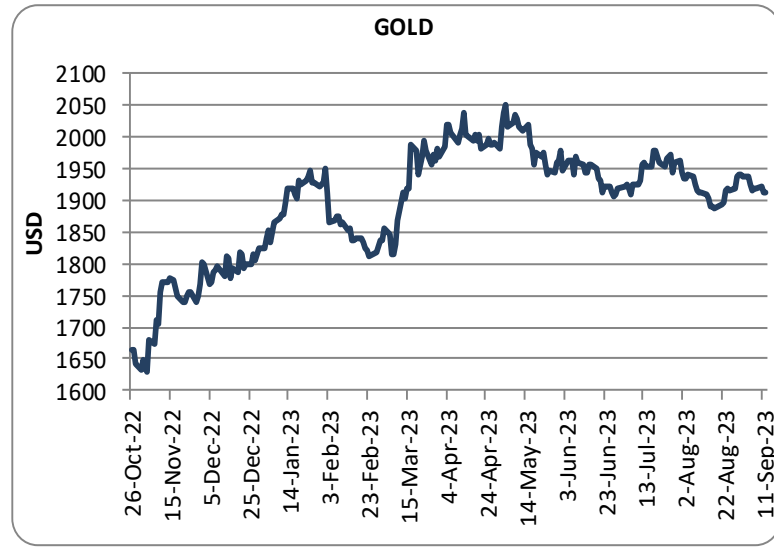
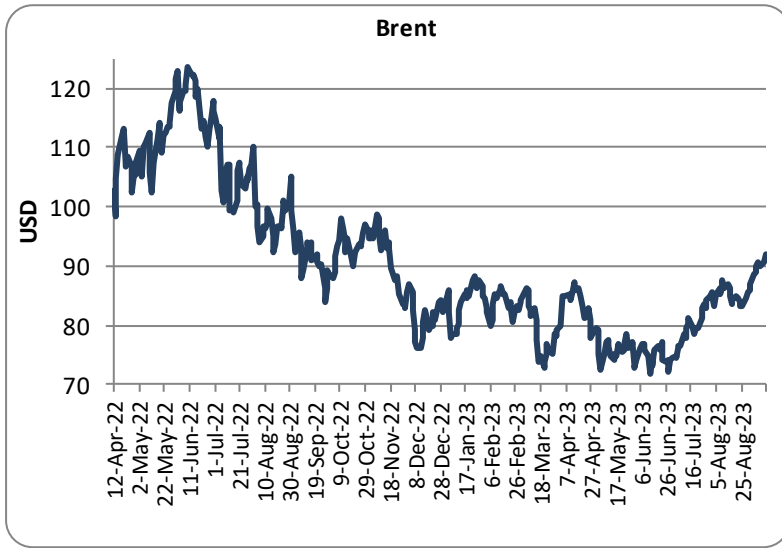
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	13364	13695	-331

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	14163	13905	258

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 (%)	Aug-23	6.8	7.4
IIP (%)	Jul-23	5.7	3.7
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.

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