



# BONDWATCH

Daily

INDIA

March 14, 2023

Indian government bond yields ended higher on Tuesday as local retail inflation stayed above the central bank's target, cementing bets of another hike in policy rates next month. Higher state debt sale added to supply, while rise in the 10-year U.S. yield also weighed.

The 10-year benchmark 7.26% 2032 bond yield ended at 7.3841%, after closing lower at 7.3579% on Monday.

India's retail inflation was at 6.44% in February and remained above the central bank's target for the second month. Core inflation also stayed above 6%, according to economists. The RBI has raised the repo rate by 250 basis points in this financial year to 6.50%. The next policy decision is due on April 6.

Meanwhile, Indian states raised 325.70 billion rupees (\$3.95 billion) through the sale of bonds during the day, which was over 60 billion rupees more than the planned outlay. The cutoff yields were slightly higher than estimates.

U.S. yields stayed volatile through the session, with the 10-year yield dropping to 3.46% earlier in the day, and then jumping to 3.63%. Traders are awaiting U.S. inflation data due later in the day.

The Fed funds futures are now pricing in an over 75% chance for a 25-bps hike in March, and 25% for status quo. The odds for a 50-bps hike had risen to 68% last week.

The Indian rupee weakened 0.44% versus the U.S. dollar and quoted at 82.49 per dollar as fears of contagion from the Silicon Valley Bank (SVB) crisis weighed on risk sentiment, while markets awaited U.S. inflation data.

Repo: The weighted average call rates in the interbank segment decreased to 6.32% vs 6.34% as on the previous day while that the TREP segment decreased to 6.18% vs 6.23% as on the previous day.

## Market Observations

### G-sec

- The 10yr benchmark opened on a positive note, rallied by 4 BPS but got given over the course of the day and ended at 7.3841 %.
- SDL cut offs were in line with market expectations.
- Demand was seen in 2025-2026 maturity Gsec by foreign banks.
- Demand was seen in 30 and 40yr Gsec at levels above 7.40%.

### Corporate Bonds

- Yields continued to fall by 5-10 bps at opening and tracked Gsec movements.

### CP/CD

- Demand seen in 1 month to 1 yr segment.

GOI Yield	14-Mar	13-Mar	8-Mar	14-Feb
1 Year	7.270	7.280	7.450	7.120
5 Year	7.283	7.260	7.432	7.316
10 Year	7.384	7.358	7.455	7.371

AAA Bmk	14-Mar	13-Mar	8-Mar	14-Feb
1 Year	7.80	7.83	7.97	7.85
5 Year	7.80	7.80	7.90	7.75
10 Year	7.83	7.75	7.85	7.70

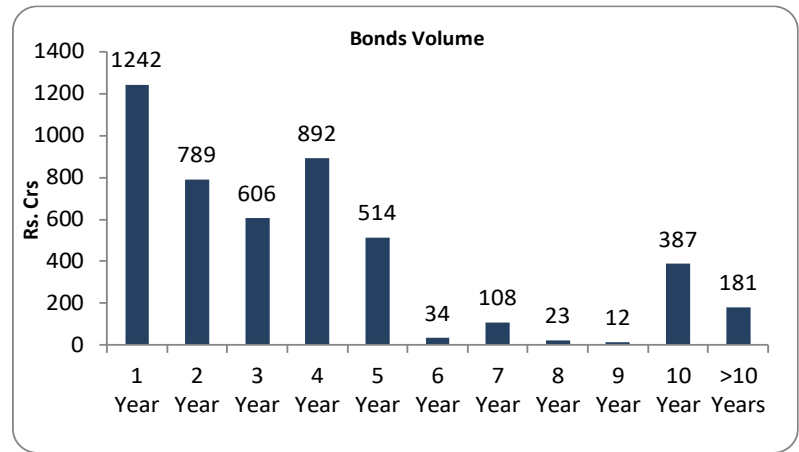
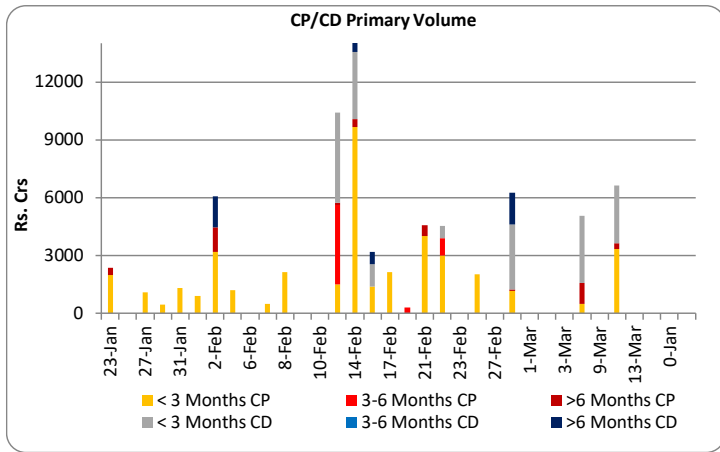
CD	14-Mar	13-Mar	8-Mar	14-Feb
3 Month	7.45	7.45	7.70	7.25
6 Month	7.65	7.65	7.80	7.60
1 Year	7.85	7.85	7.93	7.80

CP	14-Mar	13-Mar	8-Mar	14-Feb
3 Month	7.55	7.55	8.00	7.35
6 Month	7.75	7.75	8.20	7.70
1 Year	8.05	8.05	8.30	7.82

OIS Rate	14-Mar	13-Mar	8-Mar	14-Feb
1 Year	6.75	6.86	7.12	6.92
2 Year	6.34	6.48	6.82	6.57
3 Year	6.32	6.41	6.71	6.45
5 Year	6.32	6.41	6.70	6.47

	14-Mar	13-Mar	8-Mar	14-Feb
Sensex	57,900	58,238	60,348	61,032
Nifty	17,043	17,154	17,754	17,930
USD/INR	82.49	82.12	82.06	82.76
Gold (USD)	1,904	1,913	1,814	1,854
Oil (USD)	79.68	80.77	82.66	85.58

NDF	14-Mar	13-Mar	8-Mar	14-Feb
3 Month	83.00	82.92	82.44	83.35
1 Year	84.38	84.28	83.70	84.57
2 Year	86.75	86.37	85.50	86.59
3 Year	89.42	89.02	88.49	89.09



10 Year Benchmarks	14-Mar	13-Mar	8-Mar	14-Feb
India	7.39	7.37	7.46	7.37
US	3.63	3.52	3.98	3.76
South Korea	3.30	3.40	3.72	3.40
Russia	10.95	10.95	10.97	10.97
Brazil	12.94	12.94	13.39	13.47
Germany	2.36	2.28	2.65	2.45
China	2.89	2.88	2.90	2.89

Top Traded Securities	Volume	14-Mar	13-Mar	8-Mar	14-Feb
5.74 2026	385	7.27	7.25	7.43	7.28
7.38 2027	-	7.28	7.26	7.44	7.32
7.10 2029	-	7.35	7.34	7.46	7.35
6.54 2032	-	7.40	7.38	7.47	7.38
7.26 2032	-	7.38	7.36	7.45	7.37
7.54 2036	-	7.45	7.45	7.51	7.45

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
10-Mar-23	1892	1540	352

EQUITY		
Gross Purchase	Gross Sales	Net Investment
3637	3786	-148

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5529	5326	203

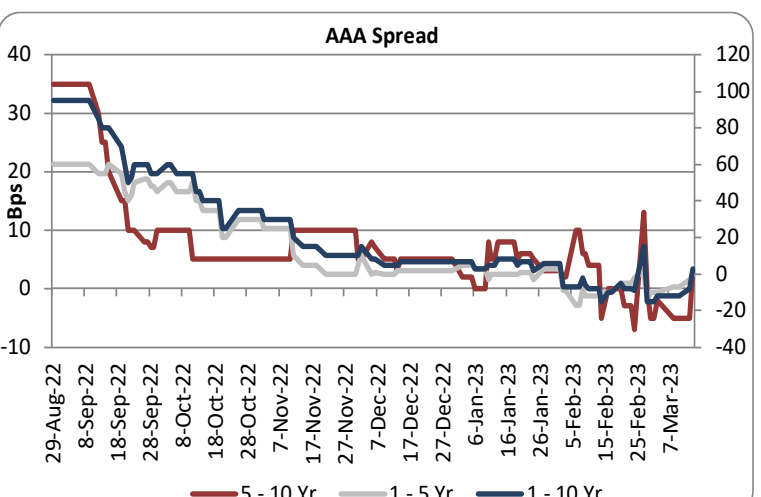
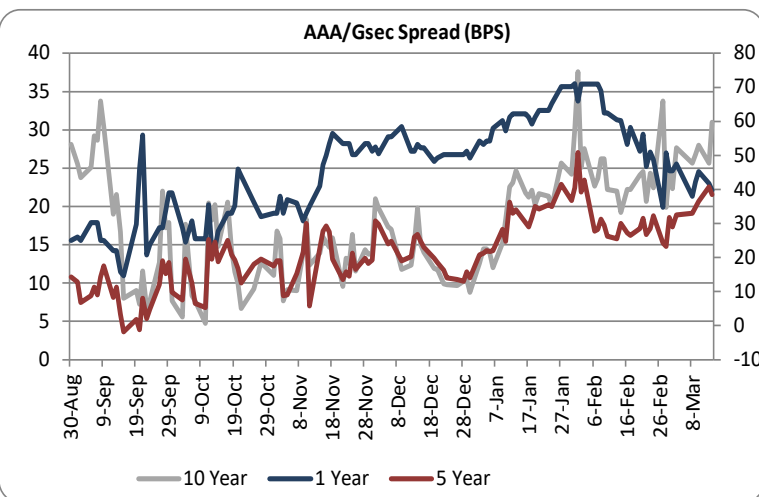
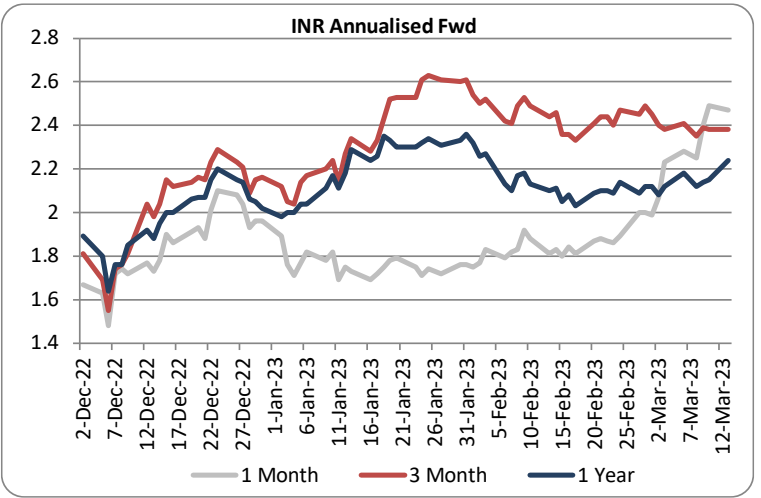
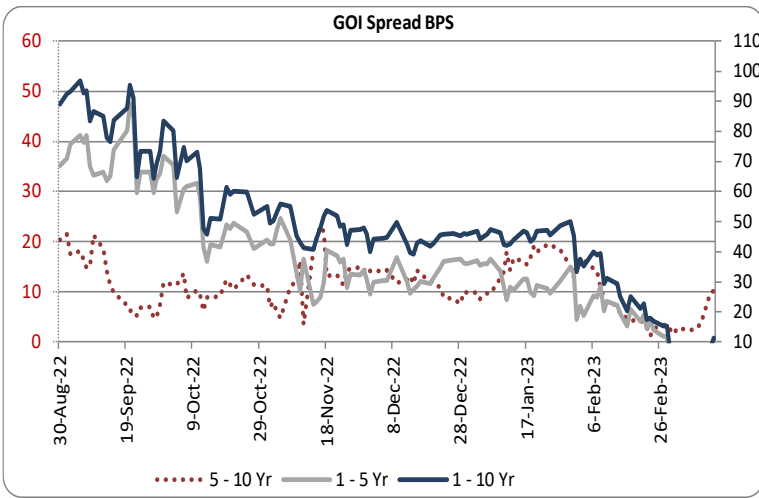
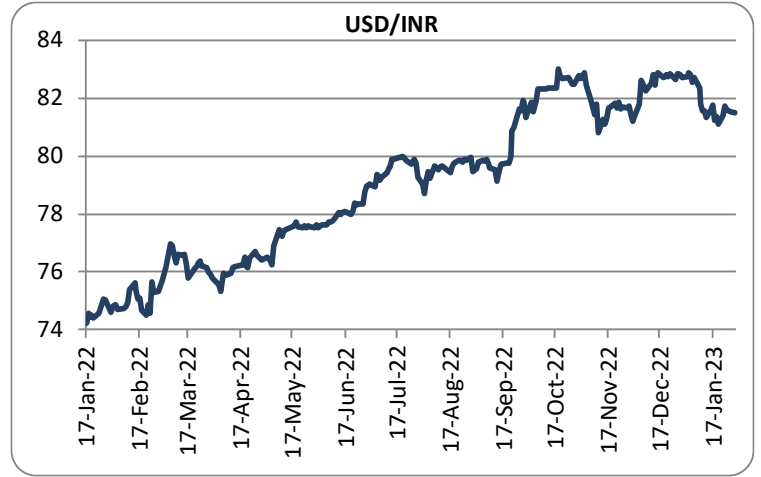
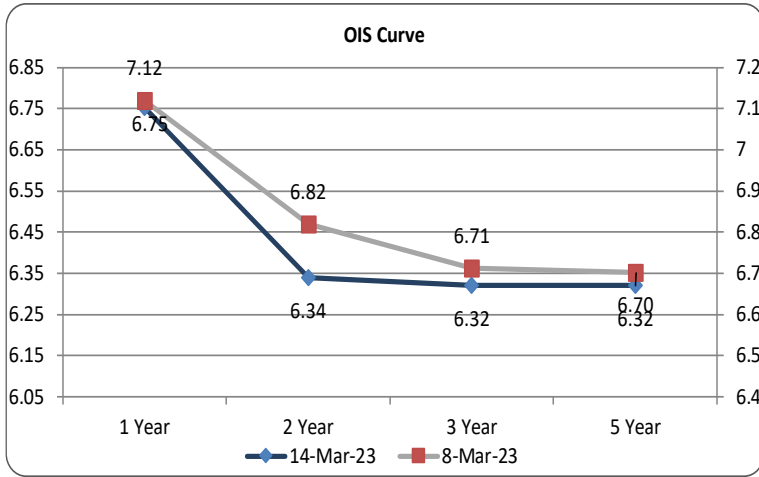
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
14-Mar-23	395	79	316

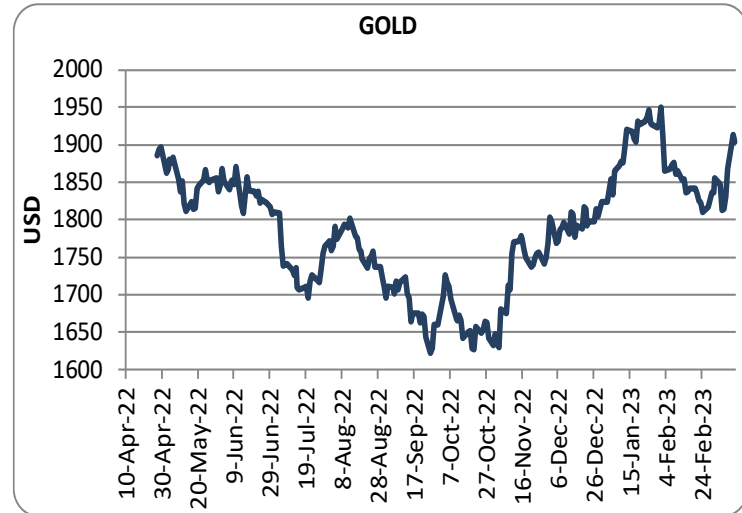
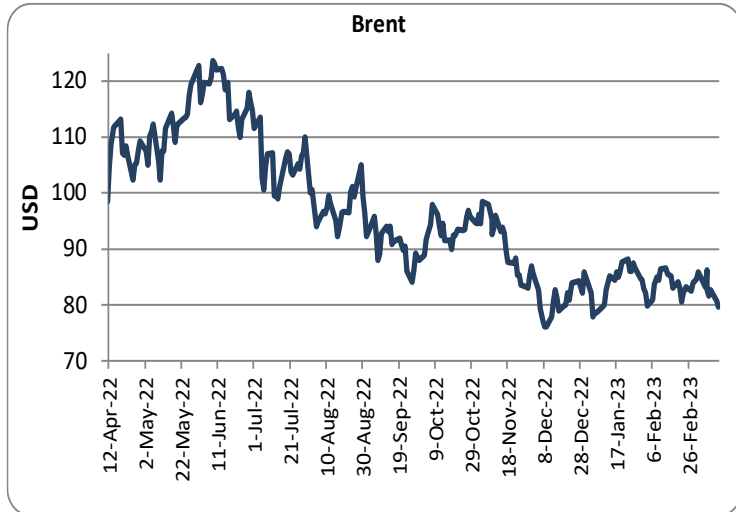
EQUITY		
Gross Purchase	Gross Sales	Net Investment
9561	6553	3009

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
9956	6632	3325

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Feb-23	3.9	4.7
CPI (%)	Feb-23	6.4	6.5
IIP (%)	Jan-23	5.2	4.3
PMI Manufacturing	Feb-23	55.3	55.4
PMI Service	Feb-23	59.4	57.2

Economic Calender	Country	Date	Poll	Prior
Industrial Output	South Korea	02-Mar-23	(8.90)	(7.30)
Unemployment Rate	Euro Zone	02-Mar-23	6.60	6.60
GDP	Brazil	02-Mar-23	2.20	3.60
Unemployment Rate	Japan	03-Mar-23	2.50	2.50
Exports	China	07-Mar-23	-	(9.90)
GDP	South Africa	07-Mar-23	-	4.10
CPI	China	09-Mar-23	-	2.10
Industrial Output	UK	10-Mar-23	-	(4.00)





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

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