



Indian government bond yields fell sharply on Friday, with the benchmark yield posting its biggest weekly decline in over 7 months after the U.S. Federal Reserve struck a dovish tone at its policy meeting earlier this week.

The benchmark 10-year bond yield ended at 7.1624%, after closing the previous session at 7.1969%. The yield ended over 10 bps lower for the week, its biggest decline since the week ended May 5.

The overall optimism also led to strong demand at Friday's bond auction, dragging yields down further, and as the Reserve Bank of India's support in terms of the variable rate repo eased fears of the central bank sucking out liquidity.

U.S. bond yields plunged to multi-month lows as investors braced for looming rate cuts after the Fed adopted a dovish stance amid central bank projections for lower interest rates next year.

Market participants are pricing in a 78% chance of a U.S. rate cut in March. The market has also factored in about 140 bps of easing by the end of next year, while Fed officials have estimated 75 bps of rate cuts in 2024.

Oil prices rose on Friday due to a bullish forecast by the International Energy Agency on oil demand for next year and a weaker dollar.

The Indian rupee strengthened 0.40% versus the U.S. dollar, and quoted at 82.99 per dollar amid heavy dollar inflows and a sharp rally in domestic equity markets to fresh record highs.

Repo: The weighted average call rates in the interbank segment decreased to 6.75% vs 6.76% as on the previous day while that the TREP segment decreased to 6.67% vs 6.75% as on the previous day.

GOI Yield	15-Dec	14-Dec	8-Dec	16-Nov
1 Year	7.080	7.120	7.135	7.095
5 Year	7.070	7.117	7.241	7.198
10 Year	7.162	7.197	7.270	7.236

AAA Bmk	15-Dec	14-Dec	8-Dec	16-Nov
1 Year	7.80	7.86	7.82	7.72
5 Year	7.74	7.78	7.80	7.77
10 Year	7.70	7.72	7.78	7.73

CD	15-Dec	14-Dec	8-Dec	16-Nov
3 Month	7.45	7.45	7.35	7.25
6 Month	7.75	7.75	7.65	7.50
1 Year	7.90	7.90	7.85	7.70

CP	15-Dec	14-Dec	8-Dec	16-Nov
3 Month	7.65	7.65	7.80	7.45
6 Month	8.00	8.00	8.00	7.70
1 Year	8.05	8.05	8.15	7.95

OIS Rate	15-Dec	14-Dec	8-Dec	16-Nov
1 Year	6.64	6.74	6.85	6.85
2 Year	6.29	6.38	6.54	6.53
3 Year	6.23	6.30	6.48	6.49
5 Year	6.20	6.27	6.45	6.45

	15-Dec	14-Dec	8-Dec	16-Nov
Sensex	71,484	70,514	69,826	65,982
Nifty	21,457	21,183	20,969	19,765
USD/INR	83.00	83.33	83.39	83.23
Gold (USD)	2,041	2,036	2,003	1,981
Oil (USD)	76.86	76.61	75.84	77.42

10 Year Benchmarks	15-Dec	14-Dec	8-Dec	16-Nov
India	7.16	7.19	7.27	7.23
US	3.92	3.93	4.25	4.45
South Korea	3.36	3.34	3.56	3.81
Russia	12.68	12.67	12.40	12.02
Brazil	10.67	10.67	10.94	11.17
Germany	2.05	2.13	2.27	2.59
China	2.63	2.66	2.69	2.66

NDF	15-Dec	14-Dec	8-Dec	16-Nov
3 Month	83.20	83.50	83.67	83.39
1 Year	84.47	84.80	84.82	84.51
2 Year	86.88	87.30	87.16	86.59
3 Year	89.84	90.10	90.06	88.99

## Market Observations

### G-sec

- Market rallied further today following the US treasury yields. 10-year benchmark made a high of 7.15 and closed at 7.1624 levels.
- Heavy demand was seen in 3 to 5year G-sec by foreign bank and PDs.

### Corporate Bonds

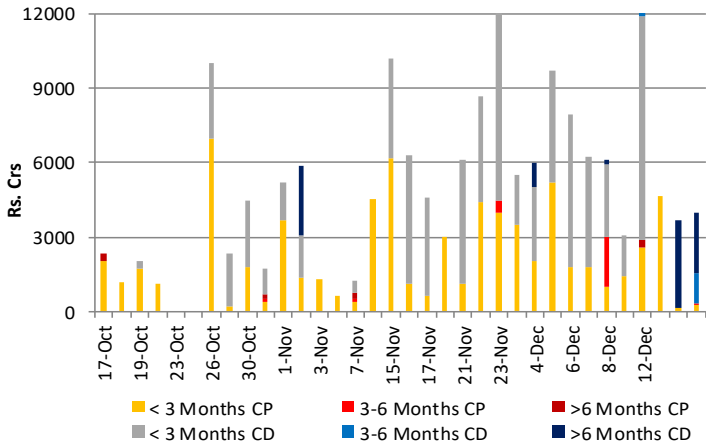
- Banks were seen on the selling side and banks on the buying side.
- Major activity was seen up to 5 years.

### CP/CD

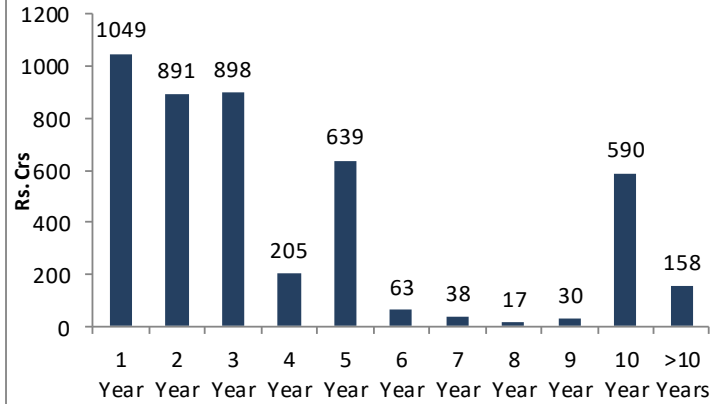
- Demand was seen in the 3-month segment.



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	15-Dec	14-Dec	8-Dec	16-Nov
India	7.16	7.19	7.27	7.23
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China	2.63	2.66	2.69	2.66

Top Traded Securities	Volume	14-Dec	13-Dec	7-Dec	15-Nov
7.26 2033	910	7.24	7.31	7.29	7.28
7.06 2028	4,090	7.36	7.41	7.39	7.37
7.62 2039	-	7.25	7.31	7.30	7.29
7.30 2053	350	7.41	7.47	7.47	7.42
6.64 2035	1,325	7.30	7.36	7.35	7.33
7.40 2035	1,075	7.33	7.35	7.35	7.33

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
12-Dec-23	8935	7551	1384

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	6542	11062	-4520

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	15477	18614	-3136

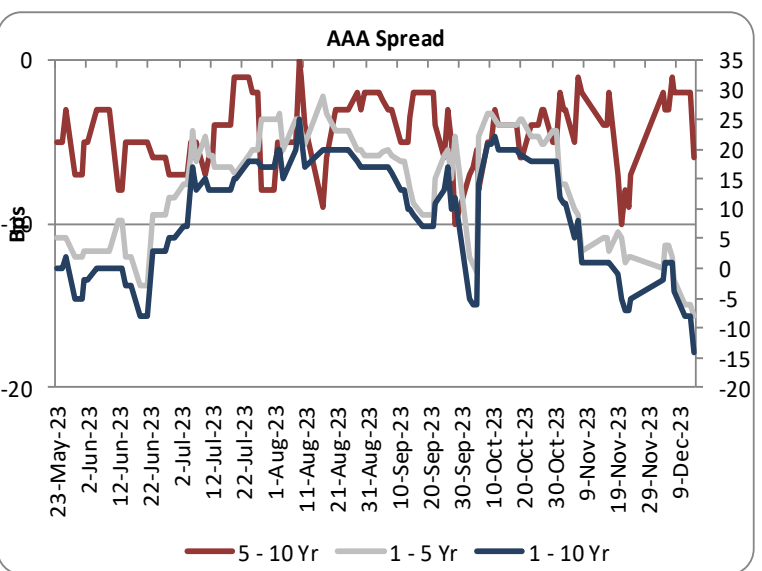
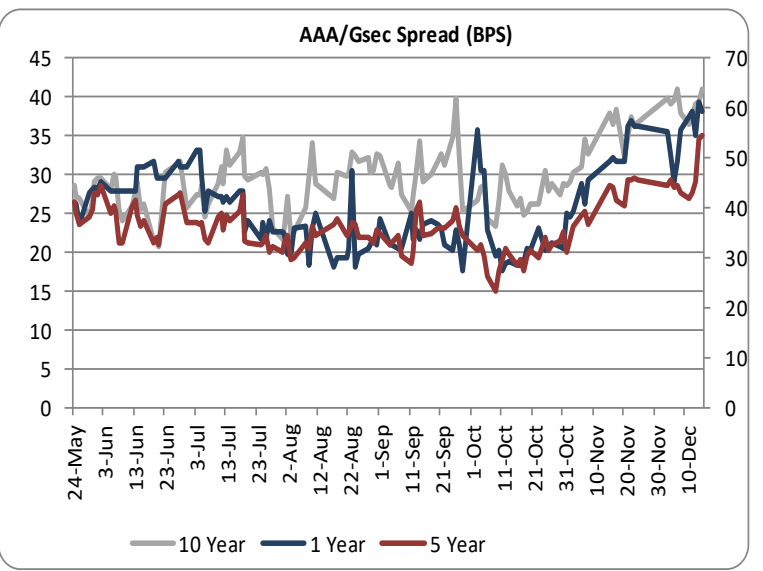
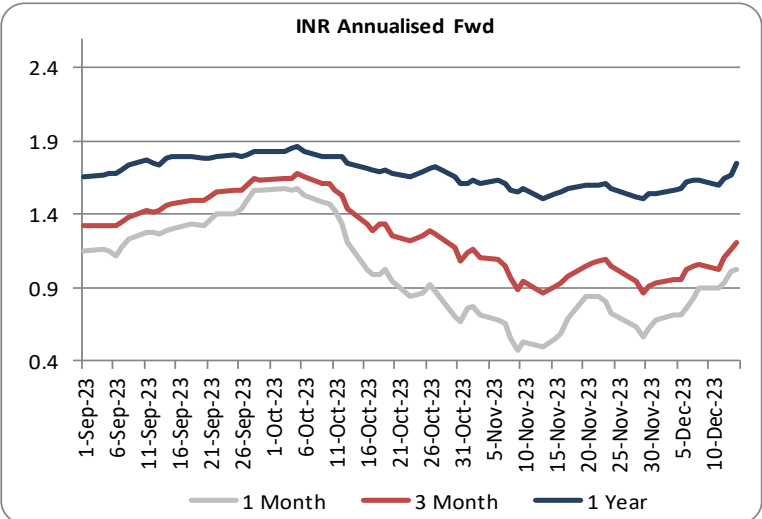
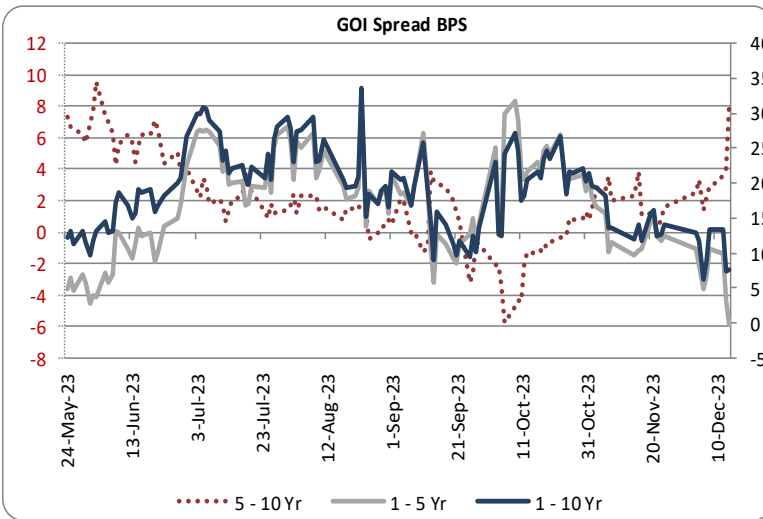
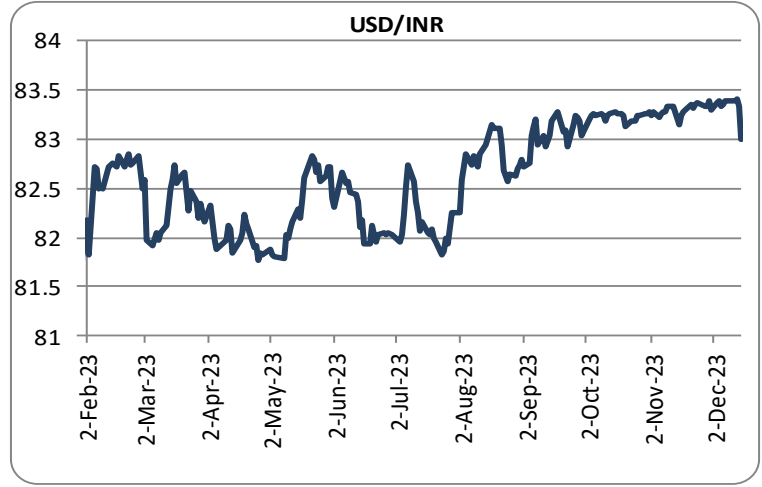
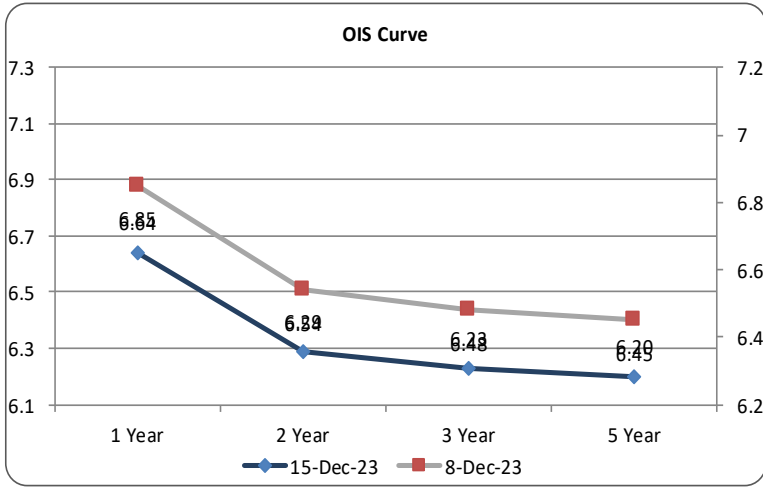
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
15-Dec-23	2337	793	1544

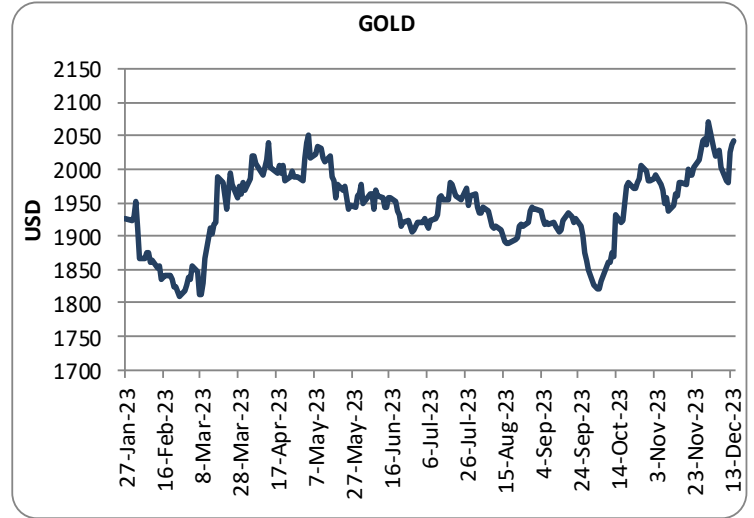
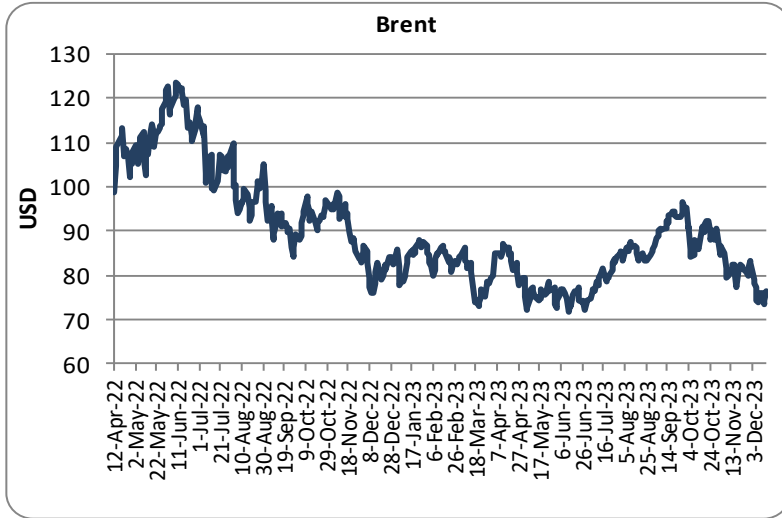
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	20428	16954	3474

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	22765	17747	5018

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Jun-23	-9.2	-1.3
Trade Deficit (\$ Bn)	Jun-23	-56.6	-52.6
WPI (%)	Nov-23	0.3	-0.5
CPI (%)	Nov-23	5.6	4.9
IIP (%)	Oct-23	11.7	5.8
PMI Manufacturing	Nov-23	56	55.5
PMI Service	Nov-23	56.9	58.4

Economic Calender	Country	Date	Poll	Prior
BOE Bank Rate	UK	14-Dec-23	5.25	5.25
ECB Refinancing Rate	Euro Zone	14-Dec-23	4.50	4.50
Industrial Output	China	15-Dec-23	5.60	4.60
CPI	Euro Zone	19-Dec-23	-	2.40
BOJ Rate Decision	Japan	19-Dec-23	-	(0.10)
CPI	UK	20-Dec-23	-	4.60
Q3 GDP	USA	21-Dec-23	5.20	5.20
CPI	Japan	22-Dec-23	-	3.30





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

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

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

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