



# BONDWATCH

Daily

June 16, 2023

INDIA

Indian government bond yields ended steady on Friday after the weekly debt auction added to the overall supply, while a choppy few sessions meant yields ended the week largely unchanged.

The benchmark 7.26% 2033 bond yield ended at 7.0354%, after closing at 7.0408% in the previous session.

The Reserve Bank of India (RBI) sold 330 billion rupees (\$4.03 billion) worth of bonds, including a new 30-year paper.

The central bank set a cutoff yield at 7.30% on this paper, which was higher than market estimates, indicating weak appetite that led to some selloff in the over 10-year bonds.

Yields fell at the start of the week, with the 10-year briefly dipping below the crucial 7% mark, after data showed India's retail inflation eased. But the Federal Reserve's hawkish guidance mid-week pushed up yields.

While the Fed paused rate hikes after 500 basis points worth of increases since March 2022, policymakers said there would be another 50 bps of rate hikes by December.

India's shorter-tenor bond yields are expected to continue rising in the near term due to hawkish guidance from the local as well as global central banks, with the yield curve likely to flatten further and potentially even invert.

The Indian rupee strengthened 0.30% versus the U.S. dollar, and quoted at 81.93 per dollar as U.S. data raised bets that the Federal Reserve may scale back its aggressive stance on rates.

Repo: The weighted average call rates in the interbank segment increased to 6.65% vs 6.57% as on the previous day while that the TREP segment increased to 6.54% vs 6.48% as on the previous day.

GOI Yield	16-Jun	15-Jun	9-Jun	15-May
1 Year	0.000	6.850	6.850	6.970
5 Year	6.974	6.986	6.980	6.953
10 Year	7.035	7.041	7.036	7.006

AAA Bmk	16-Jun	15-Jun	9-Jun	15-May
1 Year	7.45	7.45	7.40	7.45
5 Year	7.47	7.47	7.43	7.48
10 Year	7.42	7.42	7.40	7.50

CD	16-Jun	15-Jun	9-Jun	15-May
3 Month	6.98	6.98	6.90	7.15
6 Month	7.20	7.20	7.20	7.35
1 Year	7.40	7.40	7.40	7.50

CP	16-Jun	15-Jun	9-Jun	15-May
3 Month	7.00	7.08	7.00	7.25
6 Month	7.20	7.30	7.30	7.45
1 Year	7.50	7.50	7.50	7.60

OIS Rate	16-Jun	15-Jun	9-Jun	15-May
1 Year	6.66	6.65	6.64	6.58
2 Year	6.34	6.34	6.32	6.21
3 Year	6.23	6.23	6.21	6.06
5 Year	6.15	6.16	6.15	6.02

	16-Jun	15-Jun	9-Jun	15-May
Sensex	63,385	62,918	62,626	62,346
Nifty	18,826	18,688	18,563	18,399
USD/INR	81.93	82.18	82.46	82.30
Gold (USD)	1,965	1,958	1,961	2,021
Oil (USD)	75.58	75.67	74.79	75.23

NDF	16-Jun	15-Jun	9-Jun	15-May
3 Month	82.16	82.15	82.68	82.58
1 Year	83.31	83.22	83.81	83.99
2 Year	85.44	85.23	85.95	86.34
3 Year	88.37	87.88	88.70	89.24

## Market Observations

### G-sec

- Sell off was seen in illiquid 10-year and 15-year G-sec by Life insurance and mutual funds.

- Mutual funds and foreign banks were seen selling in the new 40-year G-sec.

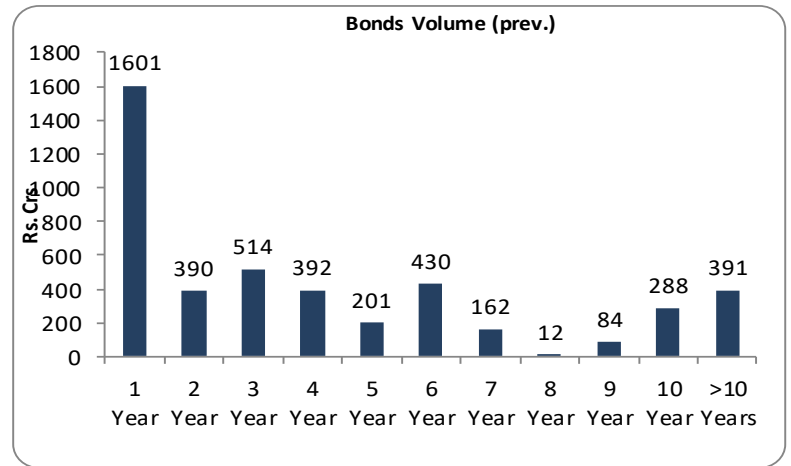
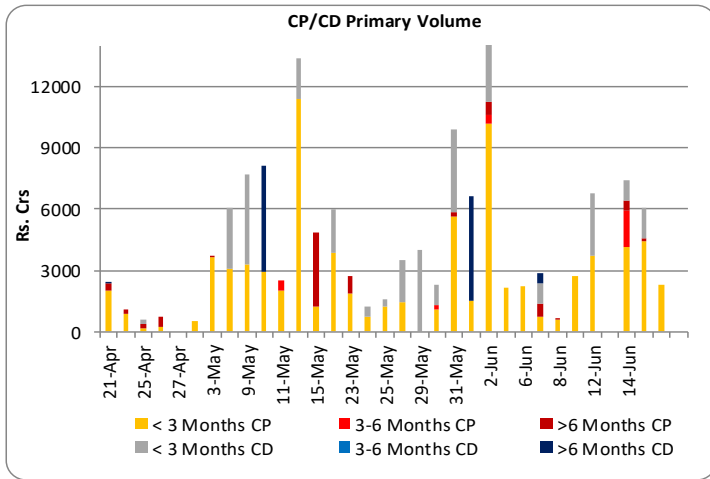
### Corporate Bonds

- Corporates were selling in the 2025 segment and Mutual funds were buying.

- Mutual funds were active in the 2025-26 segment.

### CP/CD

- Market was active across all segments.



10 Year Benchmarks	16-Jun	15-Jun	9-Jun	15-May
India	7.04	7.04	7.04	7.00
US	3.74	3.73	3.75	3.51
South Korea	3.66	3.68	3.59	3.33
Russia	10.94	10.91	10.86	10.68
Brazil	11.31	11.16	11.18	11.93
Germany	2.48	2.51	2.38	2.31
China	2.70	2.68	2.69	2.73

Top Traded Securities	Volume	16-Jun	15-Jun	9-Jun	15-May
5.74 2026	195	6.96	6.97	#N/A	6.92
7.38 2027	-	6.97	6.99	6.98	6.95
7.10 2029	-	7.02	7.03	7.02	7.01
6.54 2032	200	7.09	7.09	7.09	7.07
7.26 2032	#VALUE!	7.07	7.08	7.07	7.06
7.54 2036	-	7.16	7.15	7.14	7.10

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
14-Jun-23	4192	4701	-509

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	9375	9253	121

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	13567	13955	-388

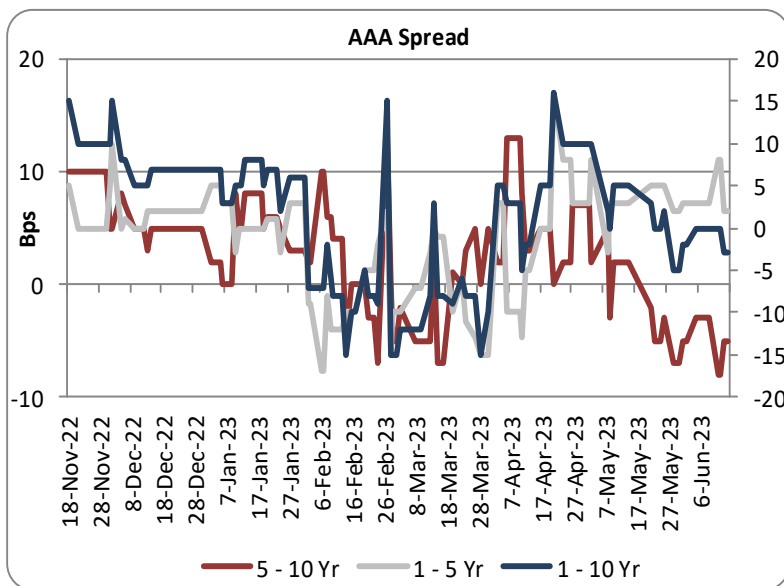
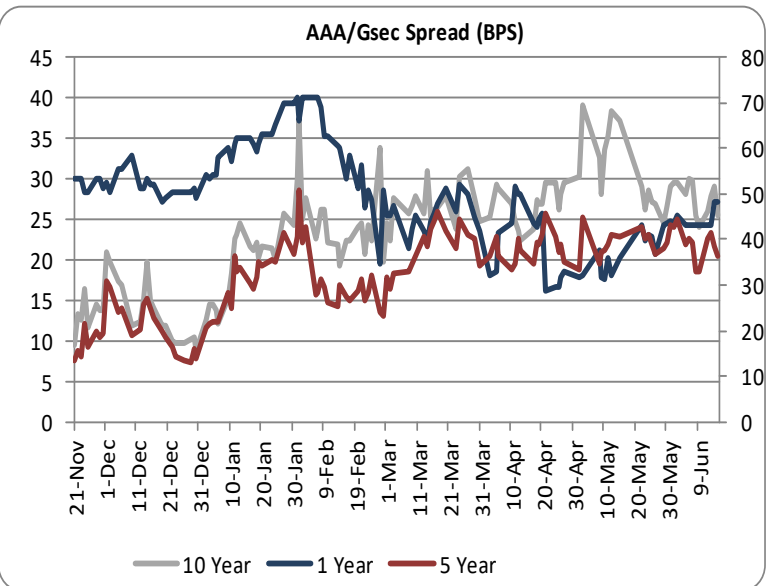
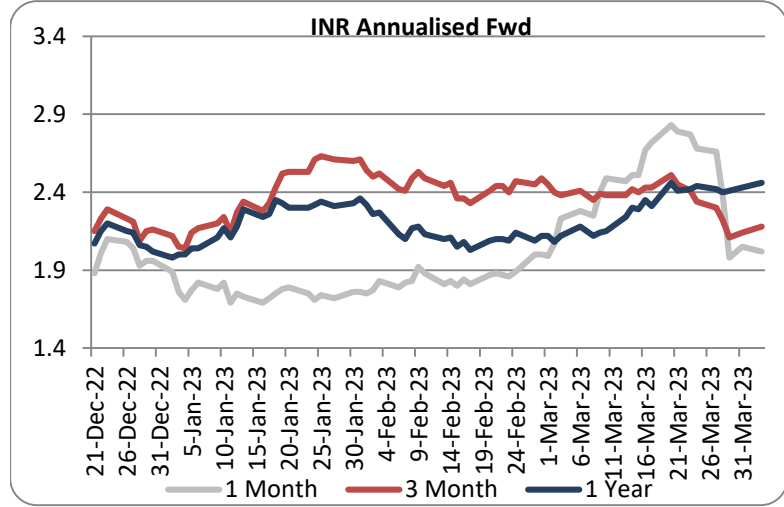
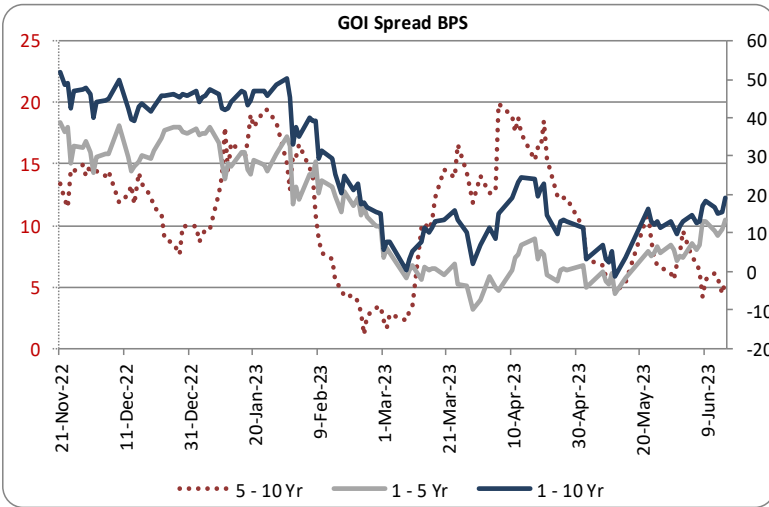
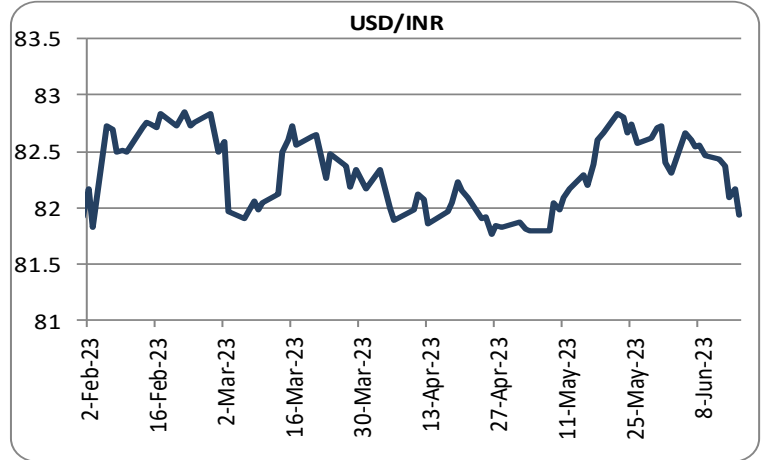
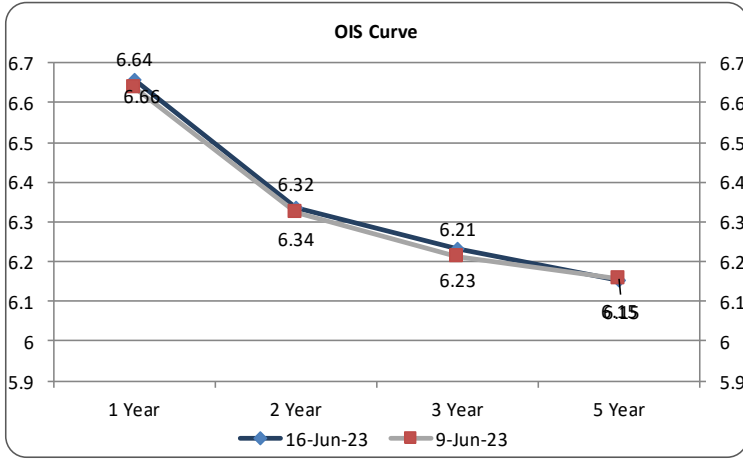
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
16-Jun-23	739	1161	-422

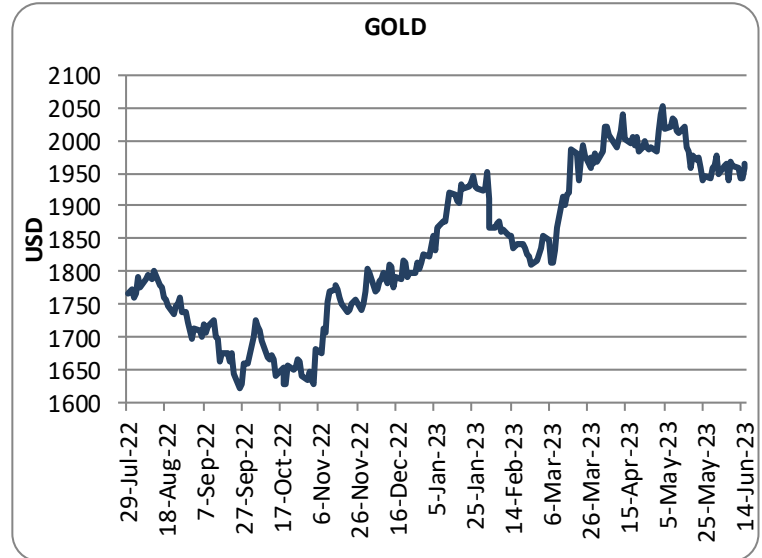
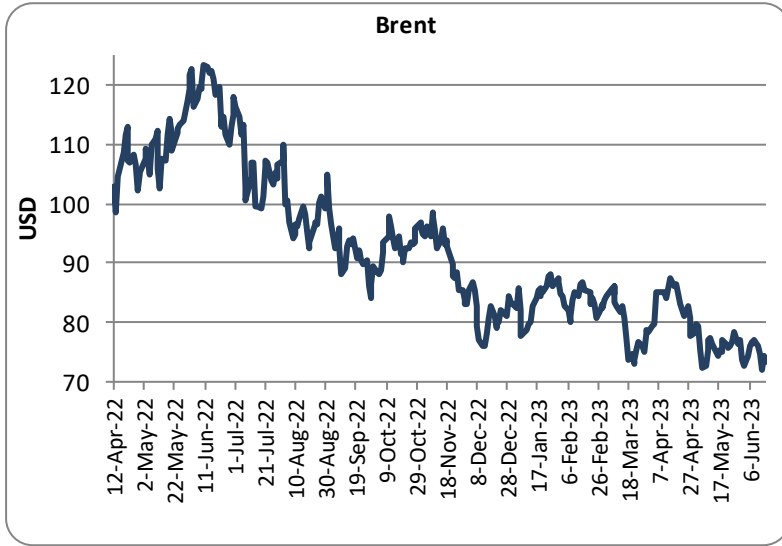
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	12387	9105	3282

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	13125	10265	2860

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	May-23	-3.5	-0.9
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	May-23	58.7	57.2
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
Repo Rate	India	8-Jun-23	6.5	6.5
GDP YY	Euro Zone	08-Jun-23	1.20	1.30
CPI	China	09-Jun-23	-	0.10
CPI	Russia	09-Jun-23	2.40	2.30
CPI	Germany	13-Jun-23	-	6.10
GDP YY	UK	14-Jun-23	-	0.30
WPI	India	14-Jun-23	-	(0.92)
Retail Sales	Brazil	14-Jun-23	-	3.20





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

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