



BONDWATCH

Daily

September 18, 2023

INDIA

Indian government bond yields eased at the start of the week after a sharp selloff on Friday made debt investment attractive and as optimism about the inclusion of domestic bonds in global indexes supported sentiment.

The 10-year benchmark 7.18% 2033 bond yield ended at 7.1597% on Monday, after closing at 7.1644% on Friday. Indian financial markets will remain shut on Tuesday for a local holiday.

Market participants are expecting Indian bonds to get included in global indexes, especially as foreign investors increased buying of bonds with unlimited investment.

JPMorgan will likely review the composition of its index by early October, while a review of the FTSE global bond index is due before September end.

Bond yields rose earlier in the day as U.S. yields remained elevated, with the 10-year yield staying above 4.30%, and markets eyeing the Federal Reserve's policy decision due on Wednesday.

Bond yields rose on Friday after weaker-than-expected demand at the weekly debt auction.

Crude oil prices were up, with the benchmark Brent contract hovering around \$95 per barrel, its highest level in 10 months, amid persistent supply worries.

The Indian rupee weakened 0.10% to 83.27 per U.S. dollar, hitting a fresh record closing low despite likely help from the Reserve Bank of India as dollar demand driven by rising crude oil prices pressured the local unit.

Repo: The weighted average call rates in the interbank segment increased to 6.82% vs 6.19% as on the previous day while that the TREP segment increased to 6.76% vs 6.74% as on the previous day.

GOI Yield	18-Sep	15-Sep	11-Sep	21-Aug
1 Year	7.050	7.040	6.988	7.025
5 Year	7.163	7.168	7.258	7.206
10 Year	7.191	7.799	7.246	7.221

AAA Bmk	18-Sep	15-Sep	11-Sep	21-Aug
1 Year	7.55	7.53	7.50	7.45
5 Year	7.64	7.64	7.68	7.68
10 Year	7.62	7.62	7.63	7.65

CD	18-Sep	15-Sep	11-Sep	21-Aug
3 Month	7.10	7.10	7.02	7.05
6 Month	7.25	7.25	7.25	7.30
1 Year	7.55	7.55	7.50	7.50

CP	18-Sep	15-Sep	11-Sep	21-Aug
3 Month	7.20	7.20	7.12	7.20
6 Month	7.35	7.35	7.35	7.40
1 Year	7.65	7.65	7.60	7.60

OIS Rate	18-Sep	15-Sep	11-Sep	21-Aug
1 Year	7.08	7.05	7.08	7.01
2 Year	6.85	6.84	6.84	6.77
3 Year	6.81	6.79	6.77	6.73
5 Year	6.78	6.73	6.80	6.69

	18-Sep	15-Sep	11-Sep	21-Aug
Sensex	67,597	67,839	67,127	65,216
Nifty	20,133	20,192	19,996	19,394
USD/INR	83.27	83.19	83.03	83.11
Gold (USD)	1,926	1,924	1,922	1,894
Oil (USD)	94.35	93.93	90.64	84.46

NDF	18-Sep	15-Sep	11-Sep	21-Aug
3 Month	83.65	83.36	83.20	83.40
1 Year	84.83	84.53	84.35	84.47
2 Year	87.14	86.75	86.65	86.62
3 Year	90.02	89.55	89.25	89.27

Market Observations

G-sec

- 10-year benchmark got given and opened at 7.2050 levels following US treasury and showed no strength in beginning hours but got taken aggressively thereafter reaching 7.17 levels.

- Demand was seen in December 2023 securities by mutual funds @6.85 to 6.90 levels.

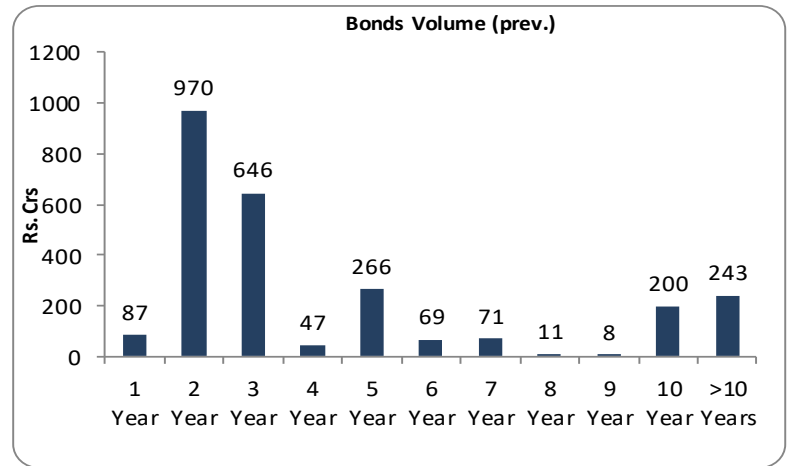
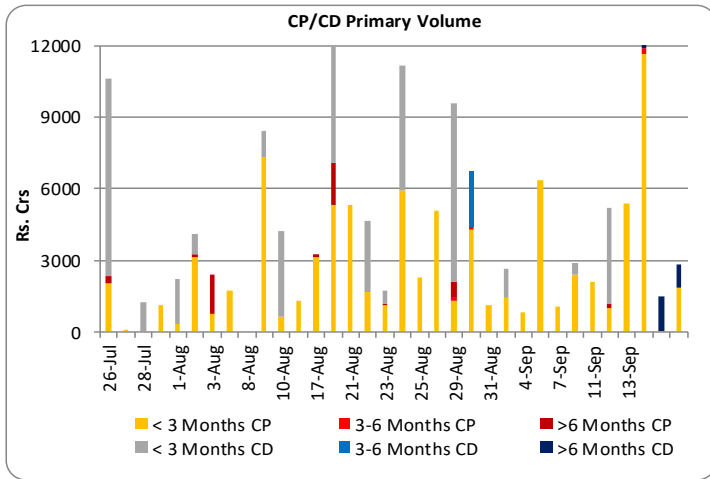
Corporate Bonds

- Corporates were selling and Mutual funds were buying in shorter segment.

- Insurance companies were active in the longer segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	18-Sep	15-Sep	11-Sep	21-Aug
India	7.16	7.16	7.21	7.22
US	4.34	4.32	4.29	4.34
South Korea	3.98	3.93	3.97	3.98
Russia	12.46	12.49	12.58	11.78
Brazil	11.27	11.27	11.29	11.39
Germany	2.69	2.67	2.64	2.71
China	2.68	2.67	2.66	2.54

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	19,250	7.20	7.17	7.18	7.15
7.06 2028	1,290	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	580	7.35	7.33	7.33	7.36
6.64 2035	10	7.17	7.16	7.22	7.24
7.40 2035	20	7.20	7.18	7.24	7.23

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
12-Sep-23	7165	6821	344

EQUITY		
Gross Purchase	Gross Sales	Net Investment
4850	3735	1115

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
12016	10556	1460

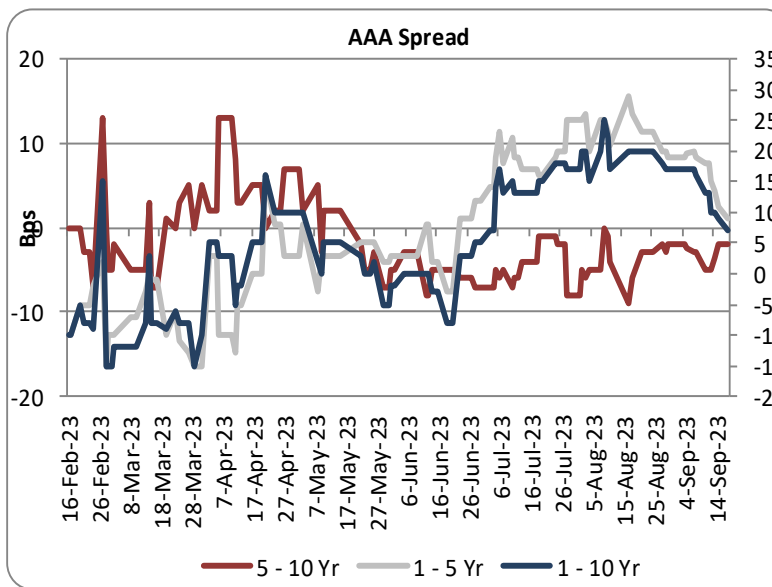
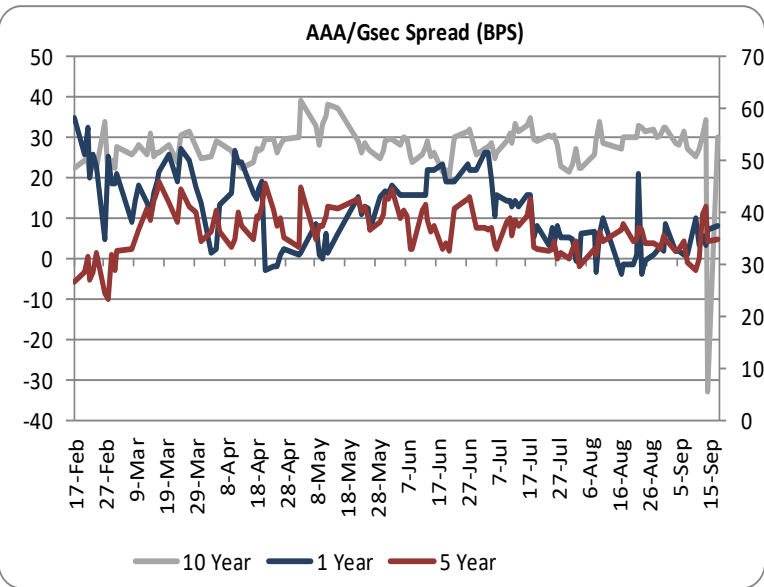
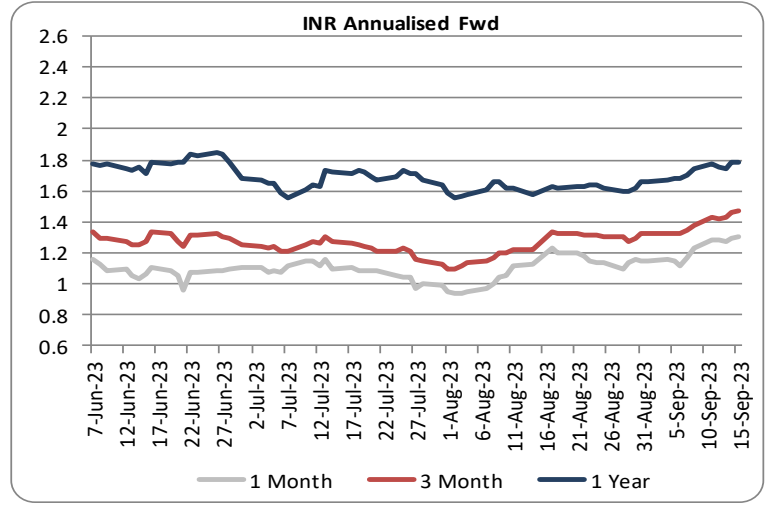
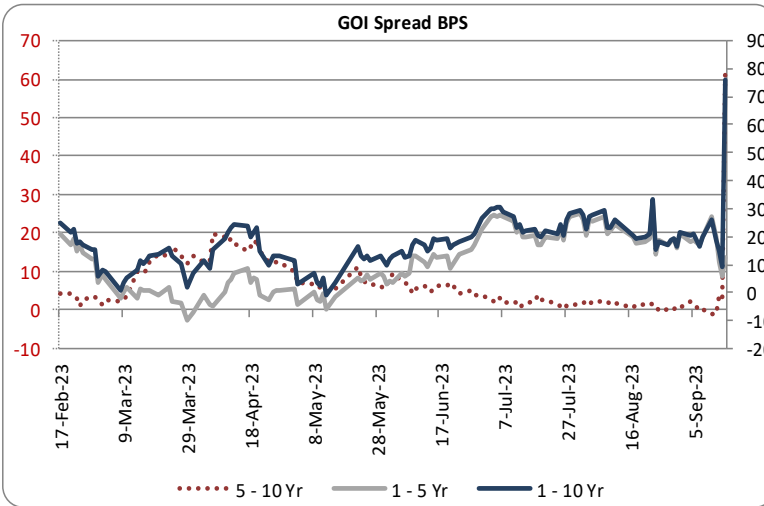
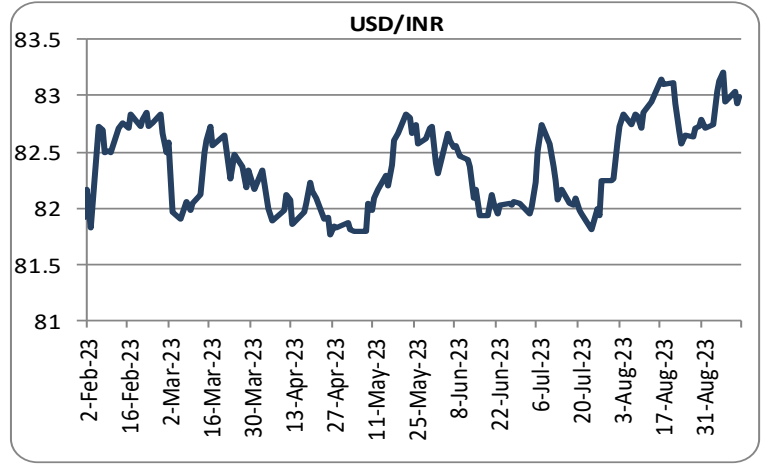
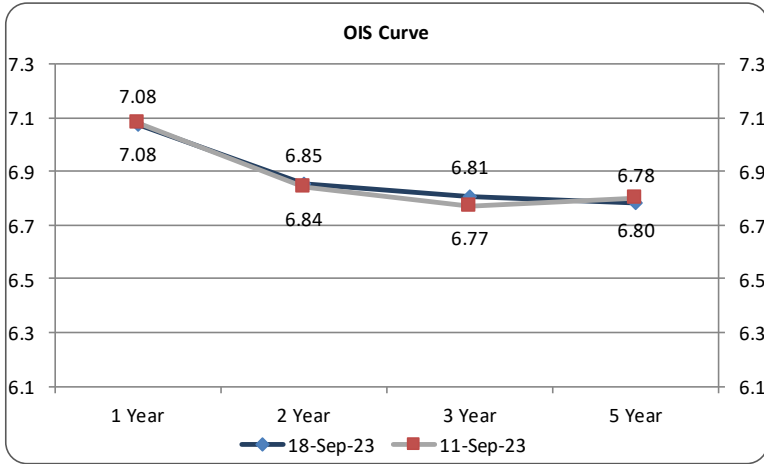
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
18-Sep-23	419	963	-544

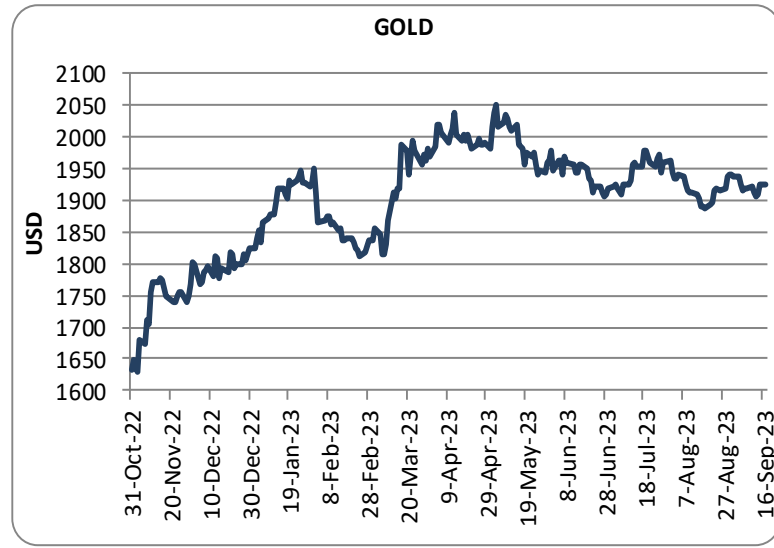
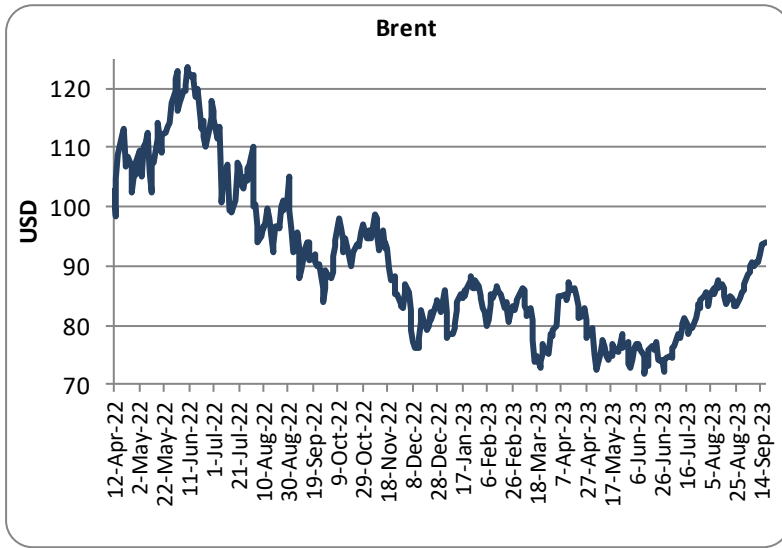
EQUITY		
Gross Purchase	Gross Sales	Net Investment
33013	32712	301

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
33432	33675	-243

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 (%)	Aug-23	-0.5	-1.4
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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