



Indian government bond yields ended higher on Tuesday as traders booked profits after a recent rise in bond prices while awaiting fresh triggers.

The benchmark 10-year bond yield ended at 7.1744%, after closing the previous session at 7.1584%. The benchmark yield edged higher towards the end of the session after trading in a narrow range.

U.S. yields were lower, with the 10-year yield persisting around 3.95%, as the Federal Reserve signaled last week that policy tightening is over and projected three rate cuts in 2024.

Markets are pricing in a 69% probability of the Fed cutting rates in March, and a 96% probability in May. Even though the dot plot shows 75 basis points (bps) of rate cuts in 2024, markets are expecting 125 bps of cuts.

Increasing possibilities of Fed rate cuts have also led to speculations of a change in the Reserve Bank of India's policy stance, even as it maintained a cautious tone while delivering its policy decision earlier in December.

The minutes of the RBI policy meeting are due this week, and focus will remain on the thinking of central bank members about the interest rate trajectory in 2024.

Earlier in the day, Indian states raised 196.92 billion rupees (\$2.37 billion) in their penultimate debt sale for 2023, and the auction cutoffs came in line with market expectations.

The Indian rupee weakened 0.14% versus the U.S. dollar, and quoted at 83.19 per dollar, weighed down by losses in its Asian peers as Federal Reserve policymakers tempered U.S. rate cut expectations, while demand for dollar from importers also hurt.

Repo: The weighted average call rates in the interbank segment increased to 6.80% vs 6.75% as on the previous day while that the TREP segment remained the same 6.77% vs 6.77% as on the previous day.

GOI Yield	19-Dec	18-Dec	12-Dec	20-Nov
1 Year	7.100	7.070	7.140	7.100
5 Year	7.094	7.080	7.239	7.245
10 Year	7.174	7.158	7.275	7.258

AAA Bmk	19-Dec	18-Dec	12-Dec	20-Nov
1 Year	7.80	7.80	7.86	7.72
5 Year	7.75	7.75	7.80	7.78
10 Year	7.70	7.70	7.78	7.71

CD	19-Dec	18-Dec	12-Dec	20-Nov
3 Month	7.45	7.45	7.45	7.30
6 Month	7.75	7.75	7.75	7.60
1 Year	7.90	7.90	7.90	7.75

CP	19-Dec	18-Dec	12-Dec	20-Nov
3 Month	7.70	7.70	7.65	7.45
6 Month	8.00	8.00	8.00	7.70
1 Year	8.05	8.05	8.05	7.95

OIS Rate	19-Dec	18-Dec	12-Dec	20-Nov
1 Year	6.64	6.64	6.87	6.88
2 Year	6.28	6.28	6.57	6.59
3 Year	6.23	6.24	6.51	6.56
5 Year	6.20	6.21	6.48	6.51

	19-Dec	18-Dec	12-Dec	20-Nov
Sensex	71,437	71,315	69,551	65,655
Nifty	21,453	21,419	20,906	19,694
USD/INR	83.18	83.06	83.39	83.34
Gold (USD)	2,026	2,027	1,979	1,977
Oil (USD)	77.89	77.95	73.24	82.32

10 Year Benchmarks	19-Dec	18-Dec	12-Dec	20-Nov
India	7.17	7.15	7.28	7.25
US	3.91	3.96	4.21	4.42
South Korea	3.32	3.33	3.53	3.76
Russia	12.34	12.49	12.63	11.99
Brazil	10.75	10.66	10.91	11.01
Germany	2.04	2.07	2.23	2.62
China	2.64	2.63	2.66	2.67

NDF	19-Dec	18-Dec	12-Dec	20-Nov
3 Month	83.43	83.32	83.62	83.54
1 Year	84.70	84.59	84.81	84.68
2 Year	86.49	86.95	87.09	86.80
3 Year	90.03	89.85	89.89	89.20

Market Observations

G-sec

- Auction cut off on SDL's came in line with market expectations.
- Foreign banks did switches in longer end G-sec.

Corporate Bonds

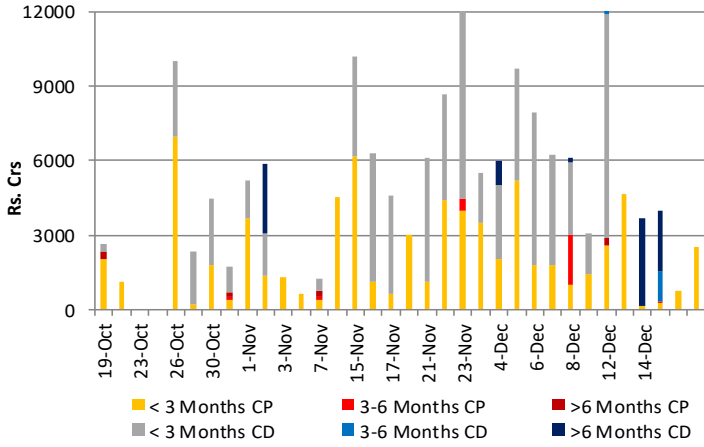
- Mutual funds were active on buying as well as selling side.
- Major activity was seen up to 3-year segment.

CP/CD

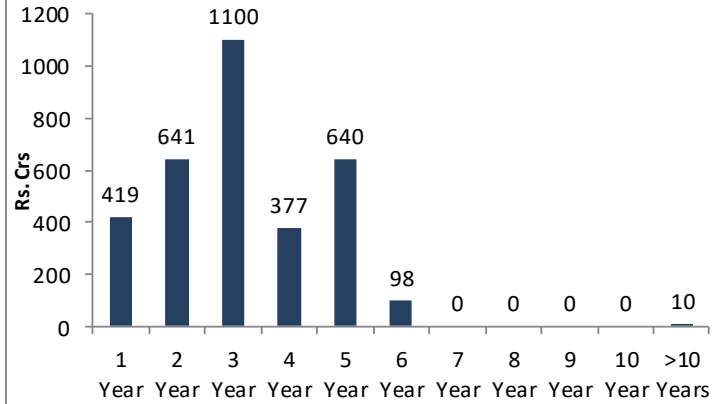
- Demand was seen in the 2 to 3-month segment.



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	19-Dec	18-Dec	12-Dec	20-Nov
India	7.17	7.15	7.28	7.25
US	3.91	3.96	4.21	4.42
South Korea	3.32	3.33	3.53	3.76
Russia	12.34	12.49	12.63	11.99
Brazil	10.75	10.66	10.91	11.01
Germany	2.04	2.07	2.23	2.62
China	2.64	2.63	2.66	2.67

Top Traded Securities	Volume	14-Dec	13-Dec	7-Dec	15-Nov
7.26 2033	730	7.24	7.31	7.29	7.28
7.06 2028	1,100	7.36	7.41	7.39	7.37
7.62 2039	-	7.25	7.31	7.30	7.29
7.30 2053	475	7.41	7.47	7.47	7.42
6.64 2035	65	7.30	7.36	7.35	7.33
7.40 2035	390	7.33	7.35	7.35	7.33

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
15-Dec-23	7742	8823	-1081

EQUITY	Gross Purchase	Gross Sales	Net Investment
	8624	10147	-1524

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
16365	18970	-2605

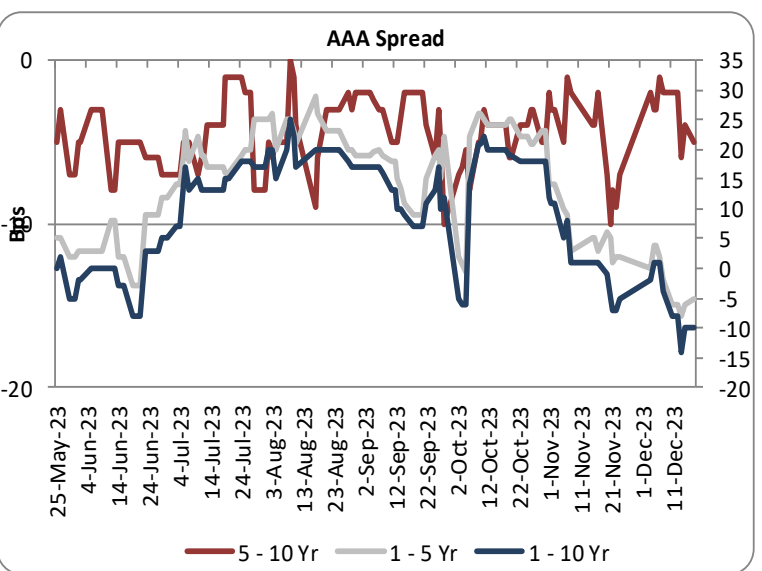
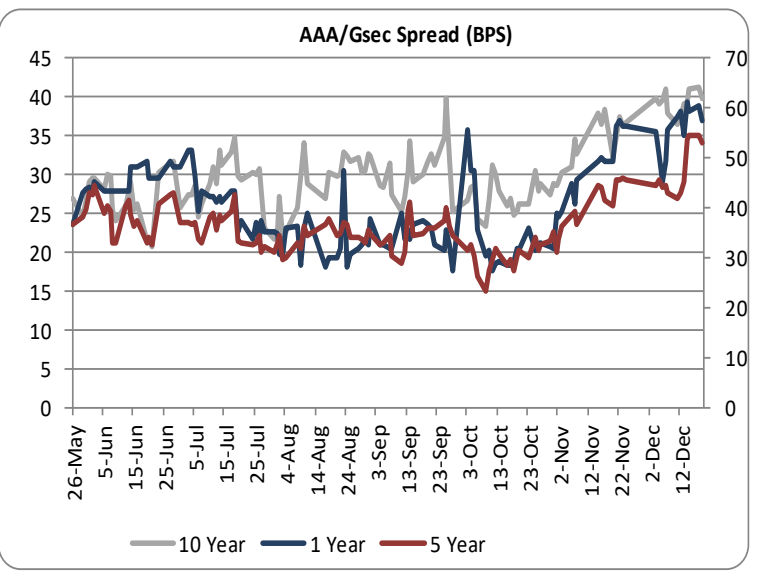
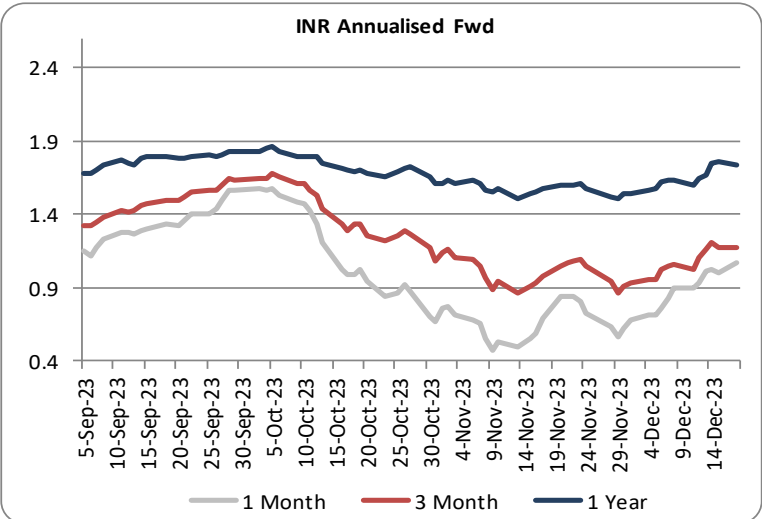
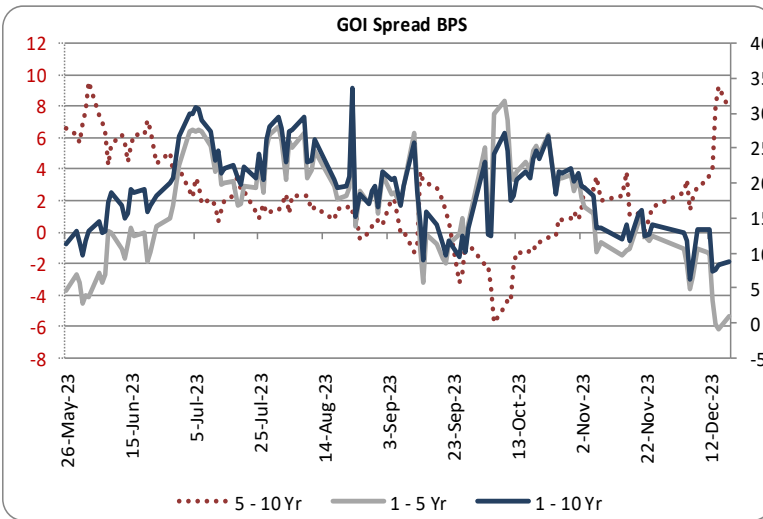
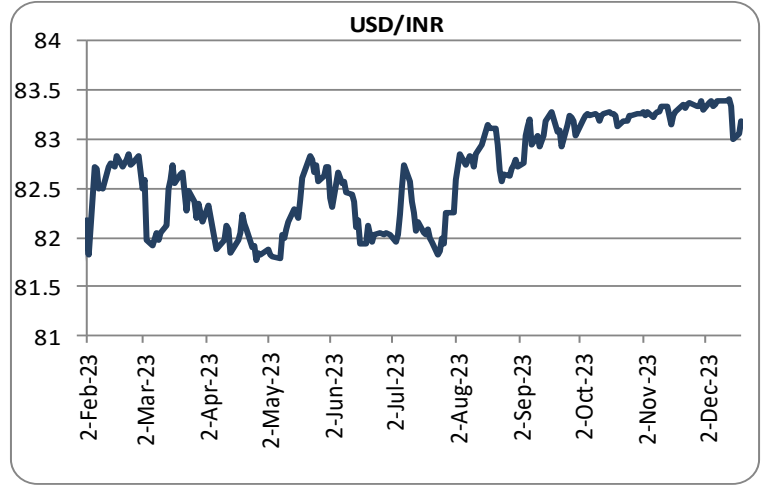
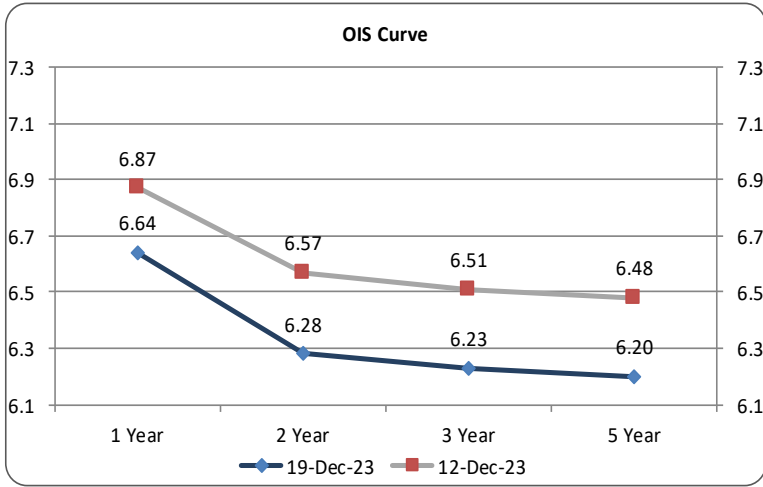
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
19-Dec-23	3044	888	2156

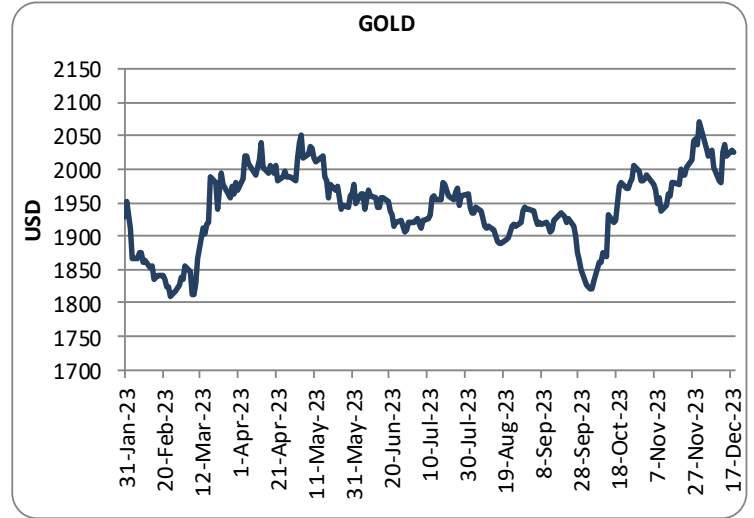
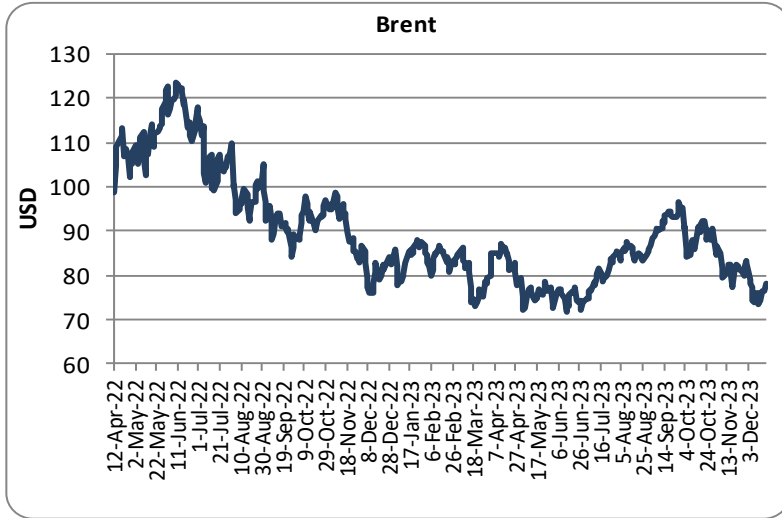
EQUITY	Gross Purchase	Gross Sales	Net Investment
	12514	10727	1787

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
15558	11615	3943

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.

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