



BONDWATCH

INDIA

Daily

June 20, 2023

Indian government bond yields ended largely unchanged on Tuesday as market participants waited for major market-moving triggers for direction before breaking from a scattered market trend.

The benchmark 7.26% 2033 bond yield ended at 7.0583%, after closing at 7.0605% in the previous session. Traders said they do not anticipate the benchmark yield to rise above the crucial 7.08% level in the near term.

Investors are also waiting for minutes of the latest Reserve Bank of India (RBI) meeting due on Thursday to provide further clarity on the central bank's thoughts on inflation and interest rate trajectory.

The RBI kept interest rates unchanged but said inflation needed to move towards its 4% target and it would do "whatever is necessary to ensure that long-term inflation expectations remain firmly anchored".

Bond yields have moved upwards since then, with market participants expecting the yield curve to flatten further as rate cuts may be pushed back to the next financial year.

Sentiment was further impacted after Federal Reserve officials hinted at 50 basis points of more rate hikes in the next six months. The Fed kept interest rates unchanged but warned of half a percentage point hike in 2023. The odds of a rate hike in July stand at around 72%.

Oil prices rose on Tuesday after China cut benchmark lending rates in a potential boost to growth but oil demand was seen rising less than expected this year.

The Indian rupee weakened 0.22% versus the U.S. dollar, and quoted at 82.1175 per dollar, and logged its worst day in two weeks, weighed by possible corporate dollar outflows and weakness in the Chinese currency.

Repo: The weighted average call rates in the interbank segment decreased to 6.55% vs 6.64% as on the previous day while that the TREP segment decreased to 6.37% vs 6.60% as on the previous day.

Market Observations

G-sec

- Insurance companies and mutual funds were seen booking profit in 9 to 11-year maturity SDL's.
- Cut off on SDL's came in line with market expectations.

Corporate Bonds

- Insurance companies and mutual funds were active in the longer end segment.
- Mutual funds were active in the 2025-2027 segment.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	20-Jun	19-Jun	13-Jun	23-May
1 Year	6.900	6.870	6.850	6.885
5 Year	6.987	6.999	6.943	6.926
10 Year	7.058	7.061	7.000	7.014

AAA Bmk	20-Jun	19-Jun	13-Jun	23-May
1 Year	7.48	7.48	7.40	7.40
5 Year	7.45	7.45	7.48	7.45
10 Year	7.40	7.40	7.40	7.40

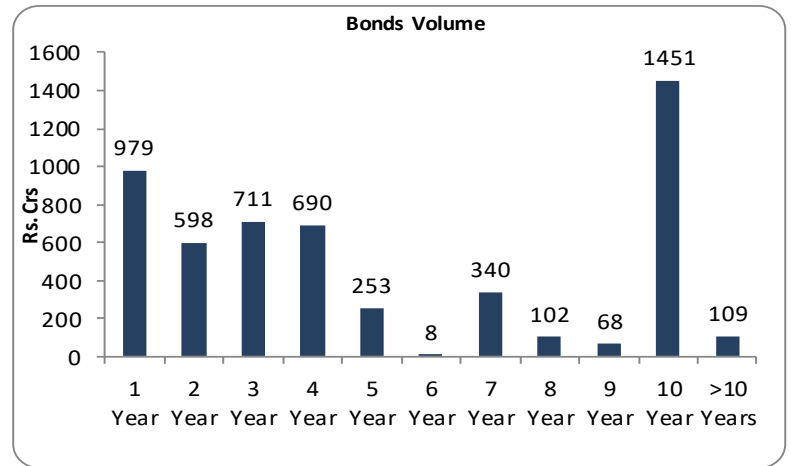
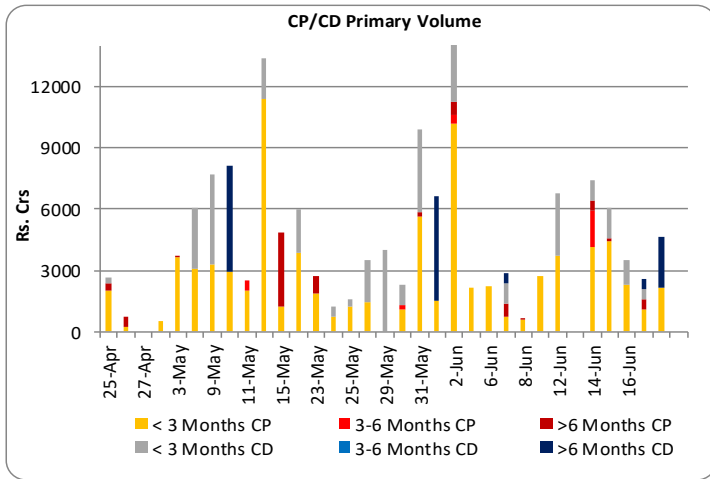
CD	20-Jun	19-Jun	13-Jun	23-May
3 Month	6.90	6.95	6.98	6.90
6 Month	7.12	7.10	7.20	7.20
1 Year	7.42	7.40	7.40	7.45

CP	20-Jun	19-Jun	13-Jun	23-May
3 Month	7.00	7.05	7.08	7.00
6 Month	7.25	7.20	7.30	7.30
1 Year	7.52	7.50	7.50	7.55

OIS Rate	20-Jun	19-Jun	13-Jun	23-May
1 Year	6.66	6.66	6.61	6.55
2 Year	6.36	6.34	6.27	6.21
3 Year	6.26	6.23	6.17	6.08
5 Year	6.19	6.15	6.12	6.02

	20-Jun	19-Jun	13-Jun	23-May
Sensex	63,328	63,168	63,143	61,982
Nifty	18,817	18,755	18,716	18,348
USD/INR	82.12	81.94	82.37	82.80
Gold (USD)	1,951	1,950	1,943	1,975
Oil (USD)	76.78	76.09	74.29	76.84

NDF	20-Jun	19-Jun	13-Jun	23-May
3 Month	82.36	82.23	82.53	83.22
1 Year	83.50	83.34	83.64	84.51
2 Year	85.63	85.37	85.72	86.76
3 Year	88.39	88.02	88.47	89.61



10 Year Benchmarks	20-Jun	19-Jun	13-Jun	23-May
India	7.06	7.05	7.00	7.02
US	3.77	3.77	3.84	3.70
South Korea	3.64	3.63	3.58	3.47
Russia	10.99	10.96	10.90	10.72
Brazil	11.23	11.22	11.29	11.89
Germany	2.45	2.52	2.43	2.46
China	2.72	2.72	2.66	2.70

Top Traded Securities	Volume	20-Jun	19-Jun	13-Jun	23-May
5.74 2026	50	6.95	#N/A	6.92	6.89
7.38 2027	-	6.99	7.00	6.94	6.93
7.10 2029	-	7.04	7.04	6.99	6.99
6.54 2032	-	7.11	7.11	7.06	7.06
7.26 2032	#VALUE!	7.10	7.10	7.05	7.05
7.54 2036	-	7.17	7.16	7.12	7.10

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
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

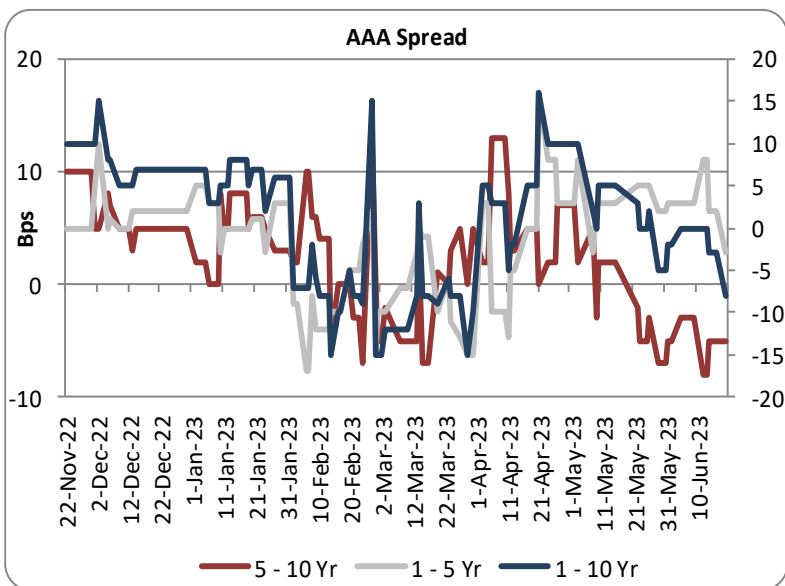
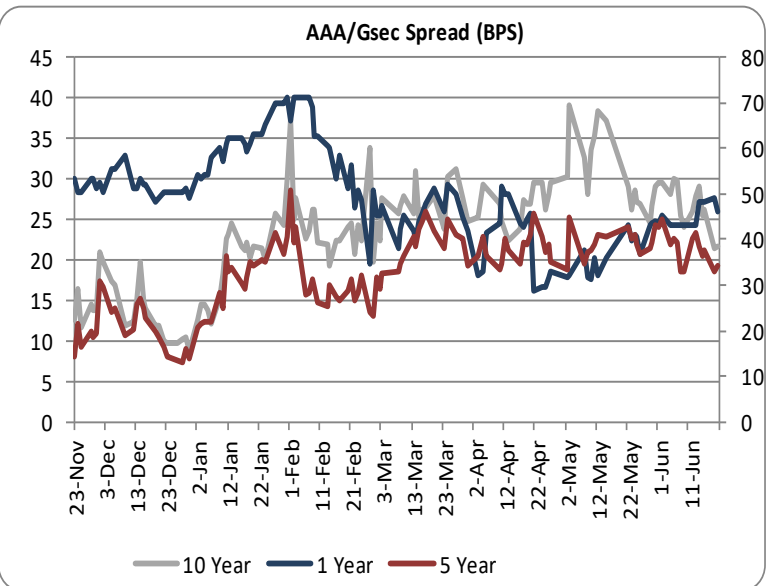
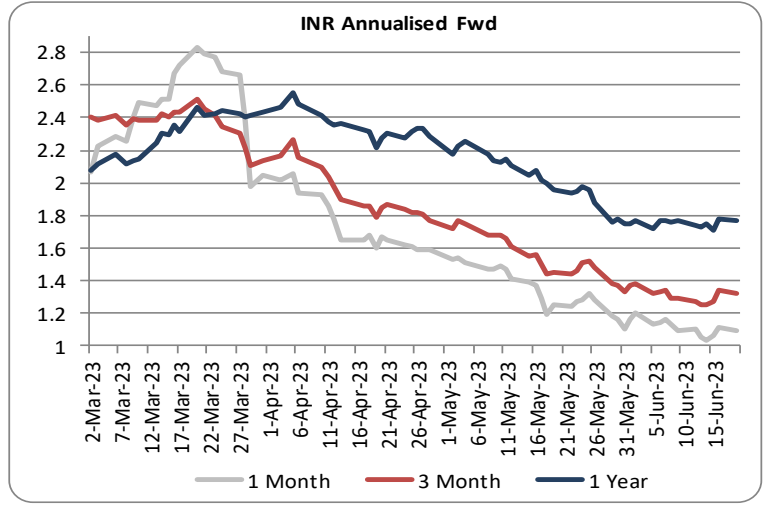
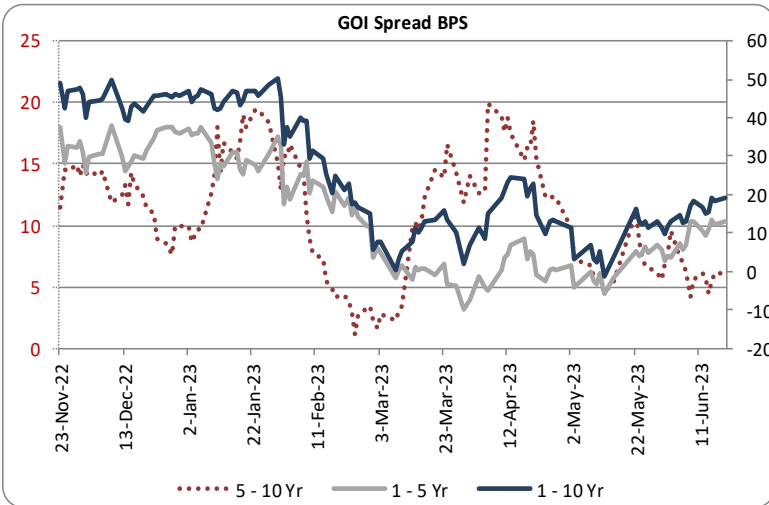
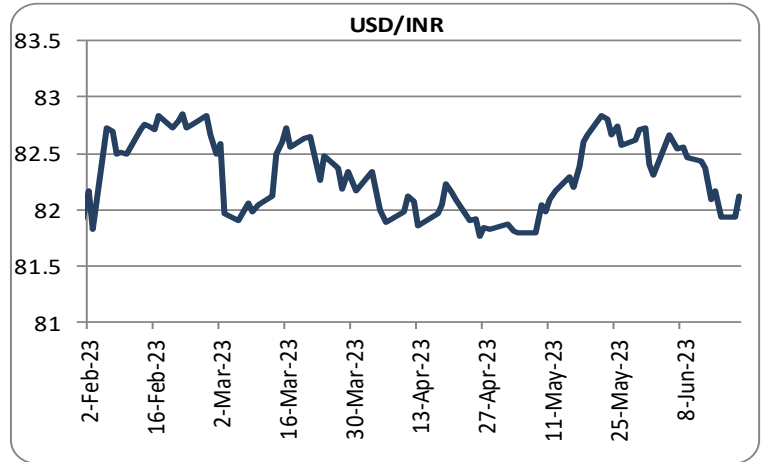
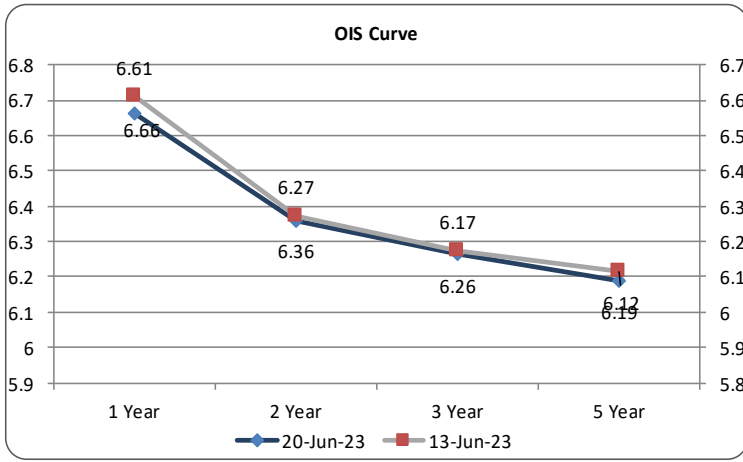
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
20-Jun-23	83	317	-234

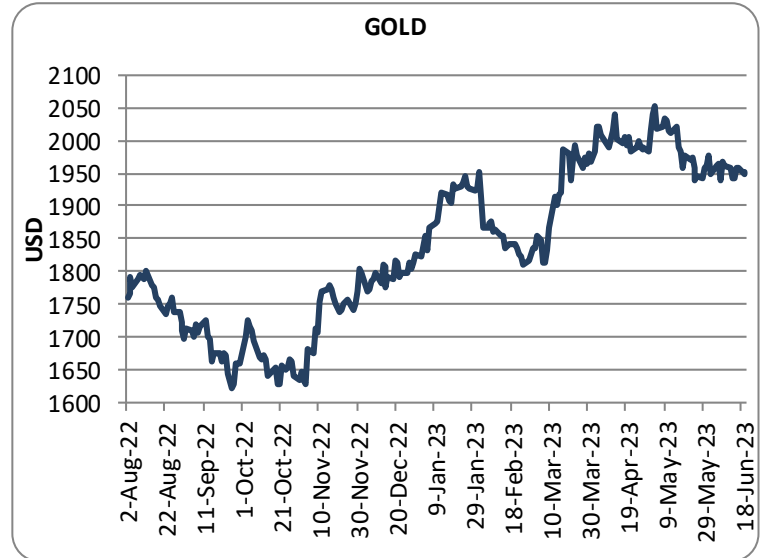
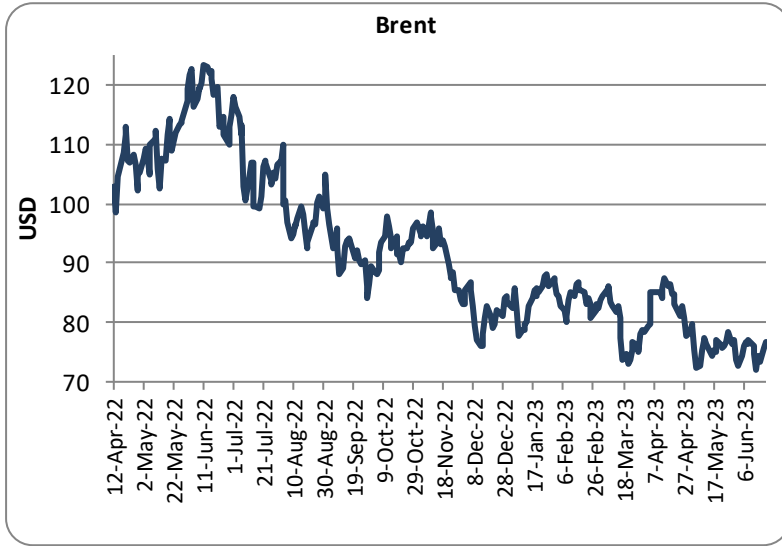
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	9769	8013	1756

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9852	8330	1522

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
CPI	UK	21-Jun-23	8.5	8.7
Bank Rate	UK	22-Jun-23	4.75	4.50
CPI	Japan	23-Jun-23	-	3.50
Retail Sales	UK	23-Jun-23	(2.30)	(3.00)
Retail Sales	Japan	29-Jun-23	-	5.10
GDP Q1	USA	29-Jun-23	1.30	1.30
Industrial Output	South Korea	30-Jun-23	-	(8.90)
CPI	Japan	30-Jun-23	-	3.20





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

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