



BONDWATCH

Daily

October 20, 2023

INDIA

Indian government bond yields were largely steady on Friday after the weekly debt auction, while the benchmark yield logged gains on the week, tracking a relentless rise in U.S. peers and crude oil prices.

The 10-year benchmark 7.18% 2033 bond yield ended at 7.3626%, after closing at 7.3720% in the previous session. The yield rose 5 basis points (bps) this week, after easing 2 bps in the previous two weeks.

The yield on the benchmark 10-year U.S. Treasury note reversed just shy of the 5% mark on Thursday for the first time since July 20, 2007 and was last at 4.9414%.

Meanwhile, oil prices climbed on heightened fears that the conflict in the Middle East might spread and disrupt supplies. The benchmark Brent crude contract was trading above \$93 a barrel.

India's central bank might conduct open market sales once government spending picks up and durable liquidity surplus improves. Earlier this month, the (RBI) said it will sell bonds through open market operations (OMOs) to manage banking system liquidity but did not disclose the quantum or timing of the sale.

However, market sentiment was aided this week by expectations that a persistent liquidity deficit in India's banking system may prompt the RBI to delay OMO sales.

The Indian rupee strengthened 0.15% versus the U.S. dollar, and quoted at 83.12 per dollar, helped by likely central bank intervention in the spot and non-deliverable forward market, which traders described as persistent.

Repo: The weighted average call rates in the interbank segment increased to 6.74% vs 6.70% as on the previous day while that the TREP segment increased to 6.76% vs 6.75% as on the previous day.

GOI Yield	20-Oct	19-Oct	13-Oct	20-Sep
1 Year	7.128	7.125	7.112	7.060
5 Year	7.369	7.379	7.329	7.153
10 Year	7.363	7.372	7.317	7.173

AAA Bmk	20-Oct	19-Oct	13-Oct	20-Sep
1 Year	7.57	7.57	7.53	7.55
5 Year	7.82	7.82	7.77	7.64
10 Year	7.76	7.76	7.73	7.62

CD	20-Oct	19-Oct	13-Oct	20-Sep
3 Month	7.25	7.25	7.18	7.10
6 Month	7.45	7.45	7.40	7.25
1 Year	7.75	7.75	7.60	7.55

CP	20-Oct	19-Oct	13-Oct	20-Sep
3 Month	7.35	7.35	7.28	7.20
6 Month	7.55	7.55	7.50	7.35
1 Year	7.85	7.85	7.70	7.65

OIS Rate	20-Oct	19-Oct	13-Oct	20-Sep
1 Year	7.00	7.02	6.94	7.08
2 Year	6.78	6.81	6.68	6.84
3 Year	6.77	6.80	6.66	6.81
5 Year	6.76	6.81	6.67	6.78

	20-Oct	19-Oct	13-Oct	20-Sep
Sensex	65,398	65,629	66,283	66,801
Nifty	19,543	19,625	19,751	19,901
USD/INR	83.12	83.25	83.26	83.07
Gold (USD)	1,982	1,974	1,932	1,930
Oil (USD)	93.52	92.38	90.89	93.53

NDF	20-Oct	19-Oct	13-Oct	20-Sep
3 Month	83.41	83.44	83.62	83.40
1 Year	84.60	84.67	84.77	84.53
2 Year	86.73	86.67	86.83	86.69
3 Year	89.13	88.92	89.43	89.49

Market Observations

G-sec

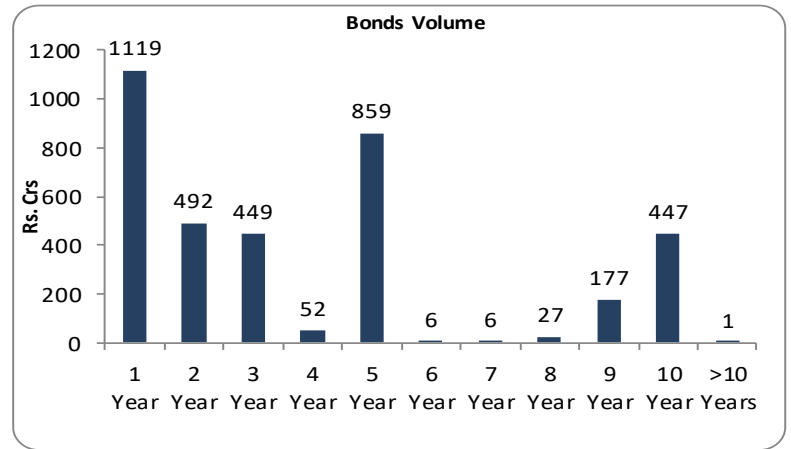
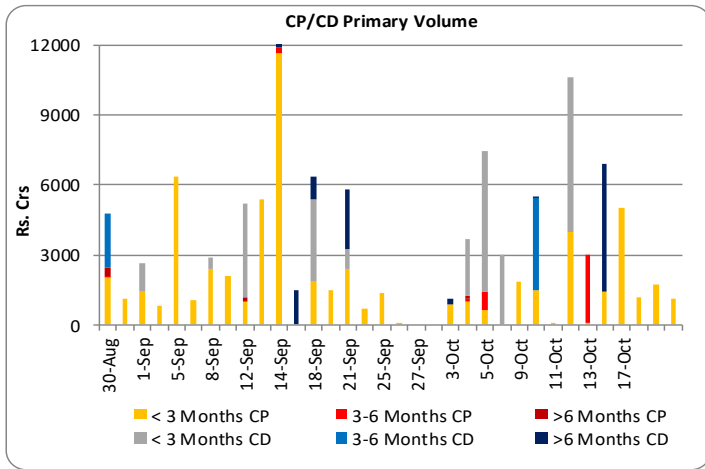
- Foreign banks & PD's seen buying 5-year SDL.
- Auction cut-off on Government securities came in line with market expectations.

Corporate Bonds

- Market was active in the 2024-2025 segment and Mutual funds were the active players.

CP/CD

- Activity was seen in the 1-3-month segments.



10 Year Benchmarks	20-Oct	19-Oct	13-Oct	20-Sep
India	7.36	7.37	7.32	7.15
US	4.94	4.99	4.63	4.35
South Korea	4.33	4.38	4.18	3.98
Russia	12.36	12.33	12.24	12.57
Brazil	11.83	11.83	11.83	11.33
Germany	2.92	2.93	2.73	2.70
China	2.73	2.74	2.71	2.68

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	2,110	7.20	7.17	7.18	7.15
7.06 2028	745	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	565	7.35	7.33	7.33	7.36
6.64 2035	130	7.17	7.16	7.22	7.24
7.40 2035	20	7.20	7.18	7.24	7.23

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
18-Oct-23	6033	5077	956

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	6401	8807	-2405

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	12434	13883	-1449

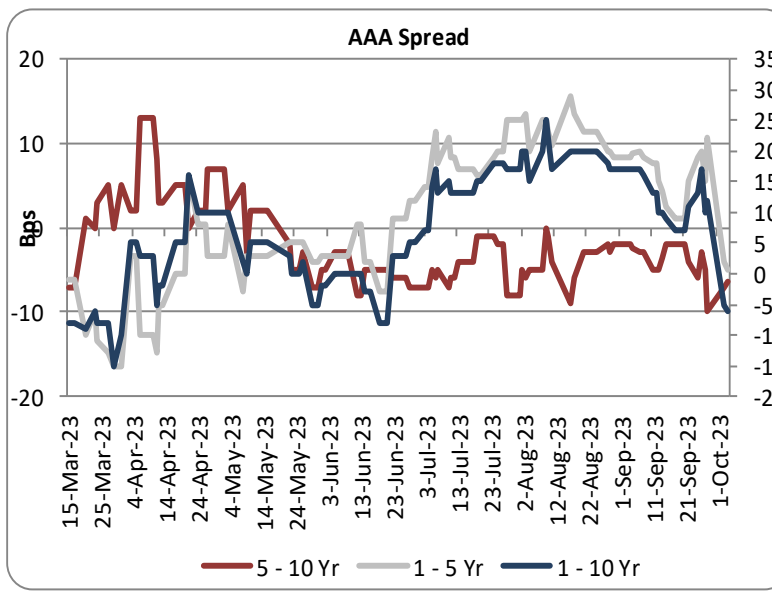
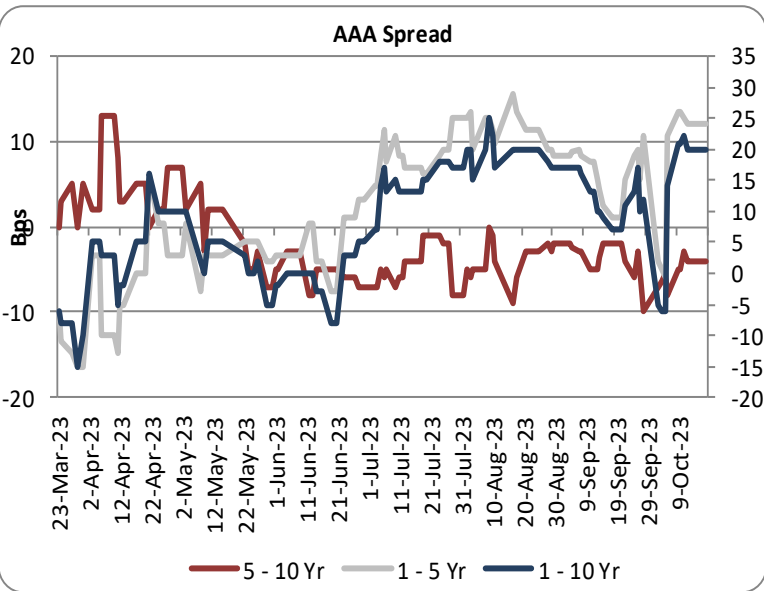
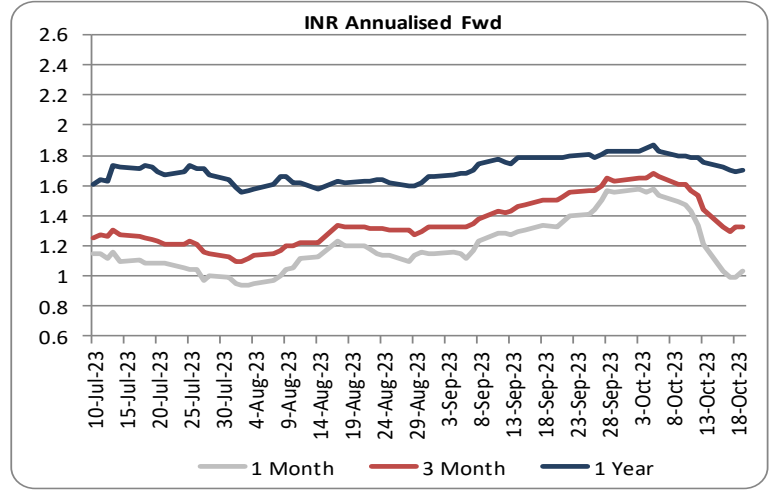
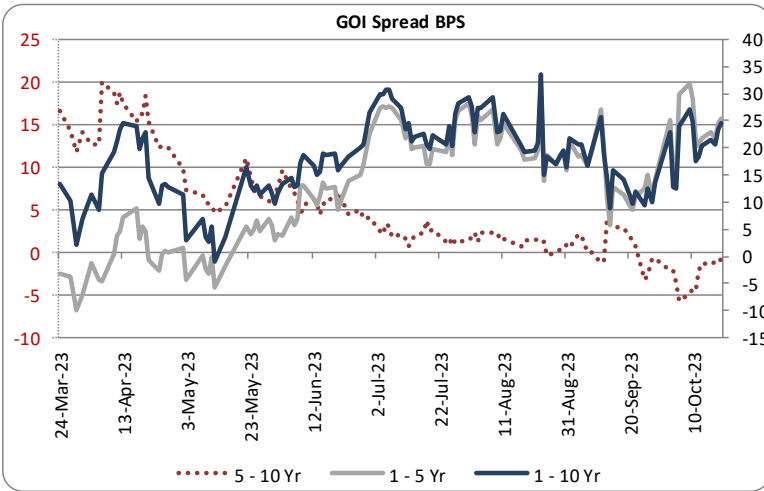
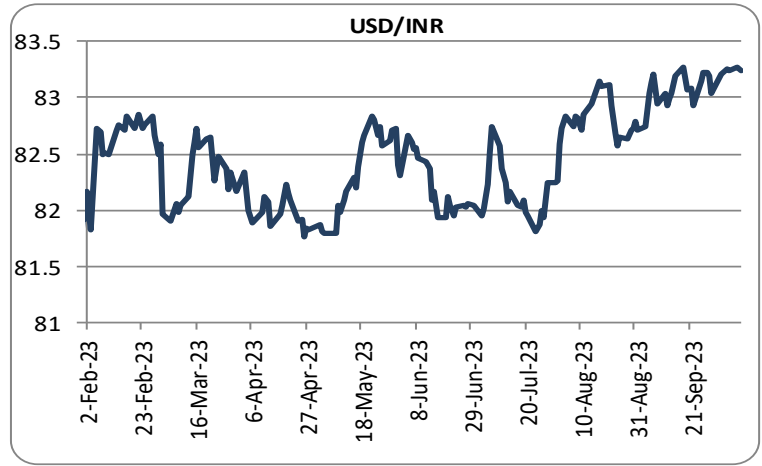
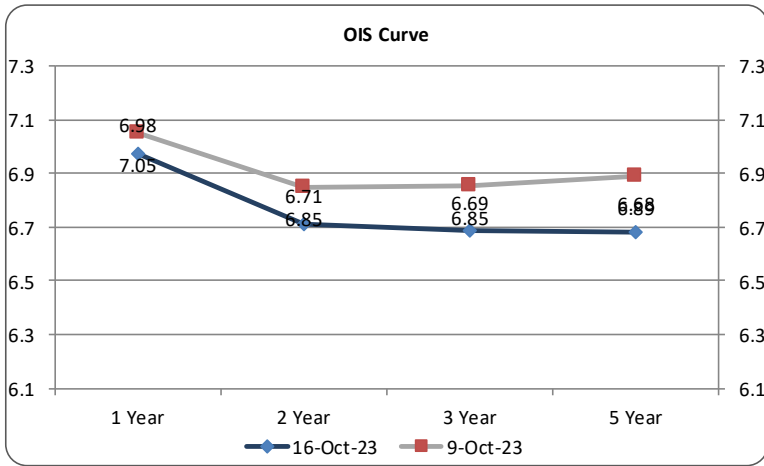
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
20-Oct-23	850	866	-16

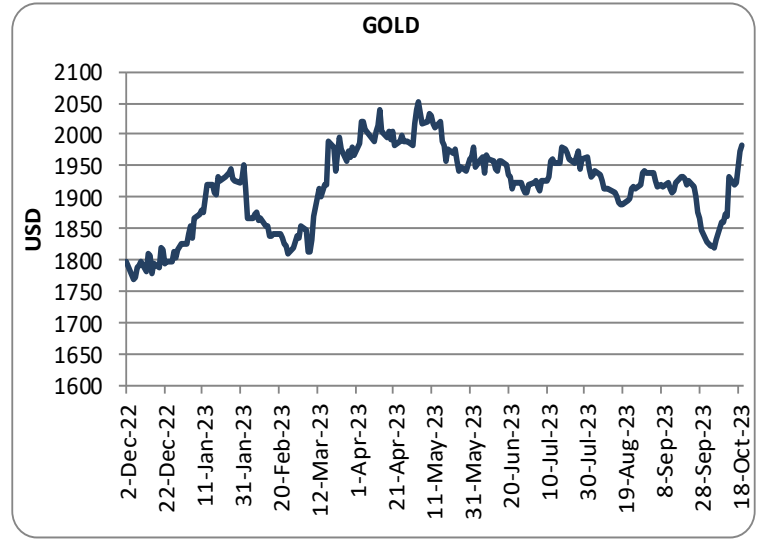
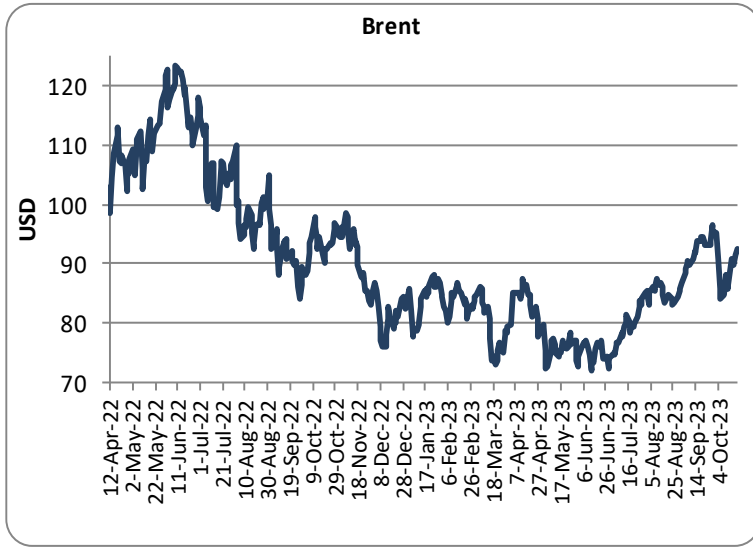
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	10243	11195	-952

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	11093	12061	-968

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Jun-23	-9.2	-1.3
Trade Deficit (\$ Bn)	Jun-23	-56.6	-52.6
WPI (%)	Sep-23	-0.3	-0.5
CPI (%)	Sep-23	5.0	6.8
IIP (%)	Aug-23	10.3	5.7
PMI Manufacturing	Sep-23	57.5	58.6
PMI Service	Sep-23	61	60.1

Economic Calender	Country	Date	Poll	Prior
Industrial Output	China	18-Oct-23	4.3	4.5
GDP YY	China	18-Oct-23	4.40	6.30
CPI	UK	18-Oct-23	6.60	6.70
Retail Sales	Brazil	18-Oct-23	1.20	2.40
CPI	Japan	20-Oct-23	-	3.20
Unemployment Rate	Poland	24-Oct-23	5.00	5.00
CPI	Australia	25-Oct-23	-	6.00
GDP Advance (Q3)	USA	26-Oct-23	4.10	2.10





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

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