



BONDWATCH

Daily

August 21, 2023

INDIA

Indian government bond yields ended largely unchanged on Monday, kicking off a week that will see them tailing their U.S. counterparts closely amid lack of any major local triggers.

The benchmark 7.26% 2033 bond yield ended at 7.2208%, after ending the previous session at 7.2172%.

U.S. yields continued to remain elevated as traders adjust for the likelihood of the Federal Reserve holding rates higher for longer amid solid economic data, with the focus on bringing inflation closer to its 2% annual target.

Market participants are pricing in around 110 basis points (bps) of rate cuts in 2024, down from around 140 bps a few weeks ago. The Fed has raised rates by 525 bps since March 2022 to the 5.25%-5.50% range.

The 10-year U.S. yield was trading at 4.30%, after having risen an aggregate of 43 bps in the last five weeks. Traders also await comments from Fed Chair Jerome Powell later in the week to gauge the U.S. central bank's interest rate trajectory.

Back home, the jump in July retail inflation to a 15-month high of 7.44% from 4.87% in June has kept market participants nervous, but traders are confident that the benchmark yield may not rise much after. July inflation was high, but core was comfortable. August inflation may be lower.

Oil prices edged higher on Monday as tighter supply reflected in fewer exports from Saudi Arabia and Russia.

The Indian rupee weakened 0.03% versus the U.S. dollar, and quoted at 83.13 per dollar, on likely intervention by the central bank, that helped the currency navigate the decline on the Asian peers.

Repo: The weighted average call rates in the interbank segment increased to 6.77% vs 6.25% as on the previous day while that the TREP segment increased to 6.75% vs 6.67% as on the previous day.

Market Observations

G-sec

- Demand was seen in 7 to 10year maturity SDL's in 48 to 50 band by nationalized banks. Major sellers were life insurance companies and Mutual funds.
- Demand was seen in 1 and 2 months T-bills by Mutual Funds.
- Demand was seen in illiquid 9-year G-sec by banks @7.25 centric levels. Major sellers were Life insurance and FPI's.

Corporate Bonds

- Most of the market participants were net sellers. Mutual funds were seen selling in the 2026 segment.

CP/CD

- Activity was seen in the 3-month segment.

GOI Yield	21-Aug	18-Aug	11-Aug	20-Jul
1 Year	0.000	7.025	6.940	6.860
5 Year	7.206	7.203	7.186	7.057
10 Year	7.221	7.217	7.202	7.083

AAA Bmk	21-Aug	18-Aug	11-Aug	20-Jul
1 Year	7.45	7.45	7.45	7.35
5 Year	7.68	7.71	7.66	7.51
10 Year	7.65	7.65	7.62	7.50

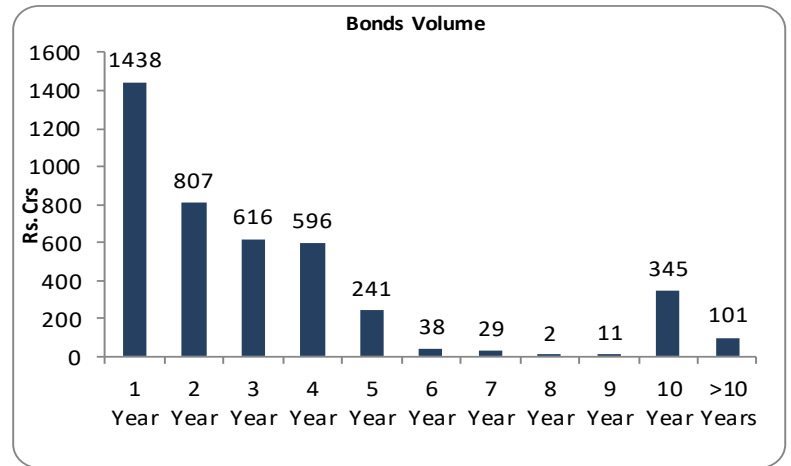
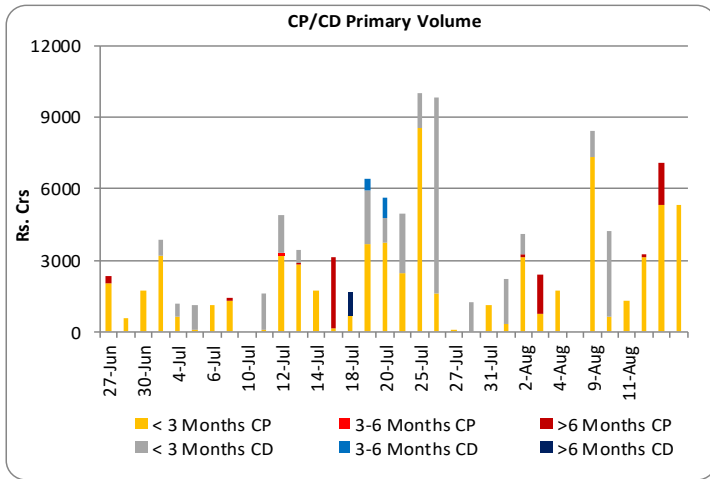
CD	21-Aug	18-Aug	11-Aug	20-Jul
3 Month	7.05	7.05	7.00	6.95
6 Month	7.30	7.30	7.20	7.18
1 Year	7.50	7.50	7.50	7.45

CP	21-Aug	18-Aug	11-Aug	20-Jul
3 Month	7.20	7.20	7.10	7.10
6 Month	7.40	7.40	7.30	7.28
1 Year	7.60	7.60	7.60	7.60

OIS Rate	21-Aug	18-Aug	11-Aug	20-Jul
1 Year	7.01	7.00	6.91	6.78
2 Year	6.77	6.75	6.62	6.47
3 Year	6.73	6.71	6.60	6.37
5 Year	6.69	6.67	6.53	6.29

	21-Aug	18-Aug	11-Aug	20-Jul
Sensex	65,216	64,949	65,323	67,572
Nifty	19,394	19,310	19,428	19,979
USD/INR	83.11	83.10	82.85	81.99
Gold (USD)	1,892	1,888	1,913	1,970
Oil (USD)	85.76	84.80	86.81	79.64

NDF	21-Aug	18-Aug	11-Aug	20-Jul
3 Month	83.40	83.45	83.20	82.31
1 Year	84.42	84.50	84.35	83.48
2 Year	86.60	86.66	86.47	85.56
3 Year	89.25	89.31	89.12	88.21



10 Year Benchmarks	21-Aug	18-Aug	11-Aug	20-Jul
India	7.22	7.21	7.20	7.08
US	4.29	4.25	4.17	3.85
South Korea	3.98	3.92	3.83	3.60
Russia	11.73	11.76	11.78	11.46
Brazil	11.23	11.23	10.95	10.92
Germany	2.67	2.62	2.62	2.45
China	2.54	2.57	2.65	2.66

Top Traded Securities	Volume	11-Aug	10-Aug	4-Aug	13-Jul
7.26 2033	15,835	7.20	7.15	7.19	7.07
7.06 2028	765	7.32	7.30	7.34	7.21
7.62 2039	-	7.22	7.18	7.22	7.12
7.30 2053	270	#N/A	#N/A	#N/A	7.19
6.64 2035	265	#N/A	#N/A	7.33	7.17
7.40 2035	15	#N/A	#N/A	7.34	7.17

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	3082	2594	487

EQUITY		
MF	Gross Purchase	Net Investment
3-Aug-23	3594	76

TOTAL (Rs.Crs)		
MF	Gross Purchase	Net Investment
3-Aug-23	6676	563

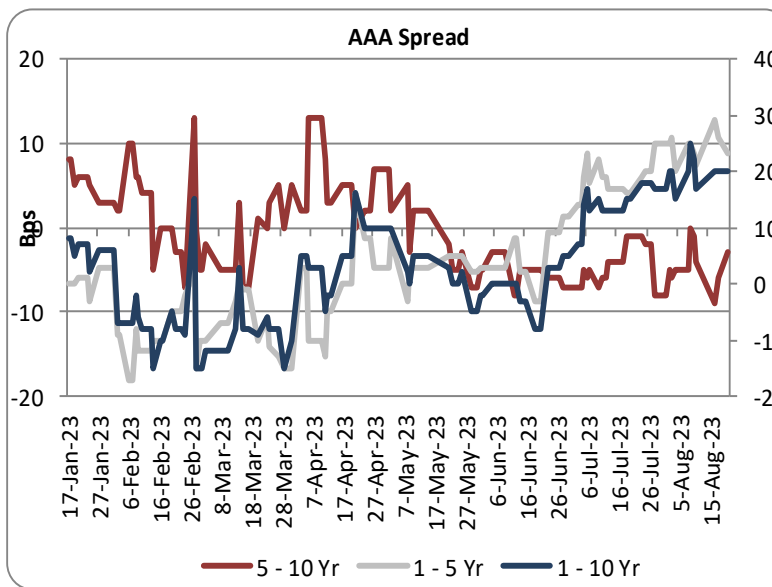
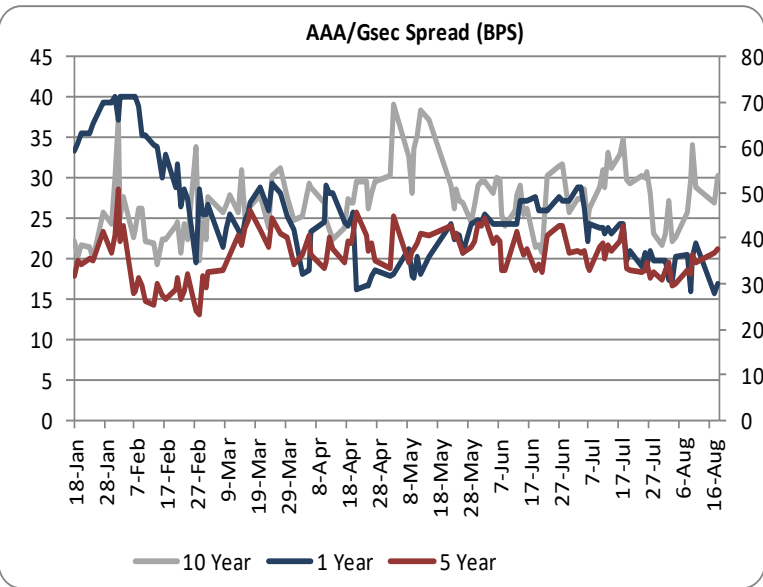
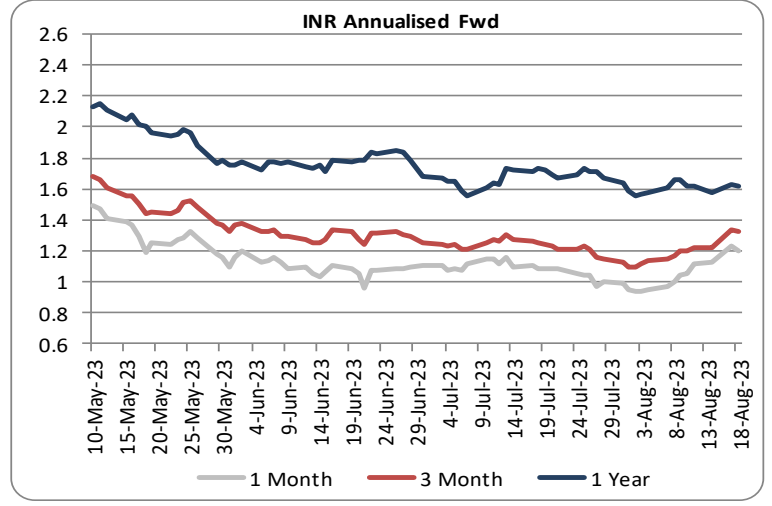
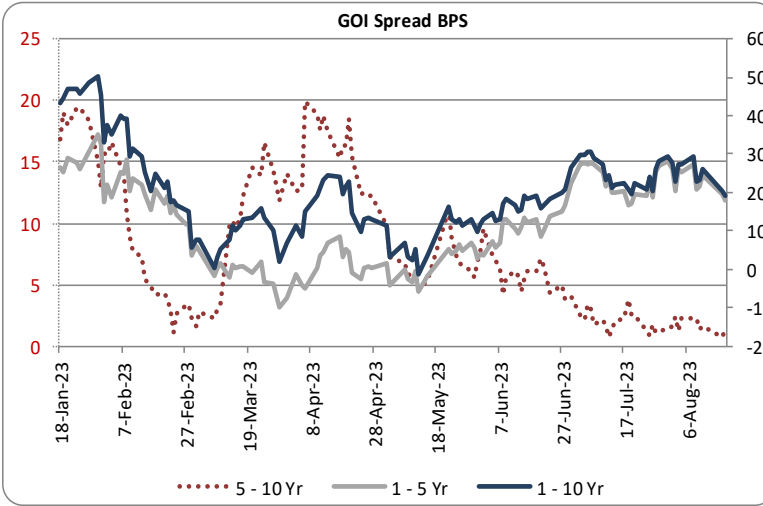
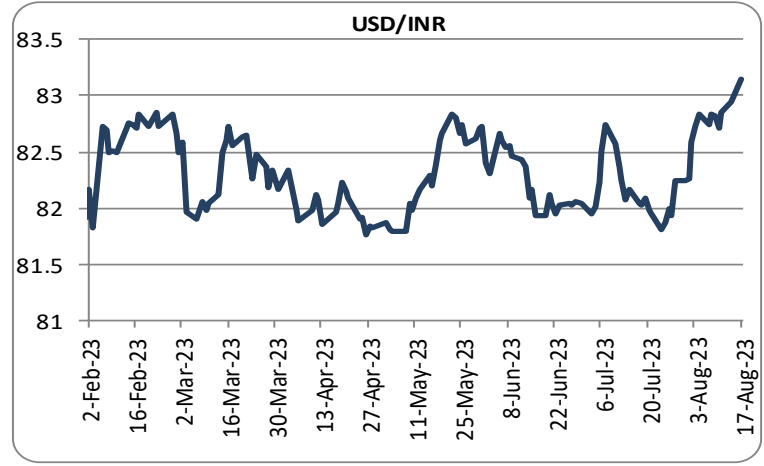
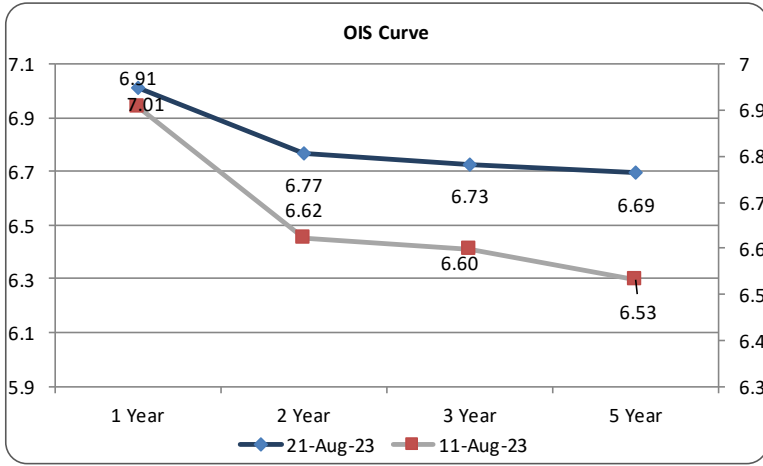
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
21-Aug-23	1721	334	1387

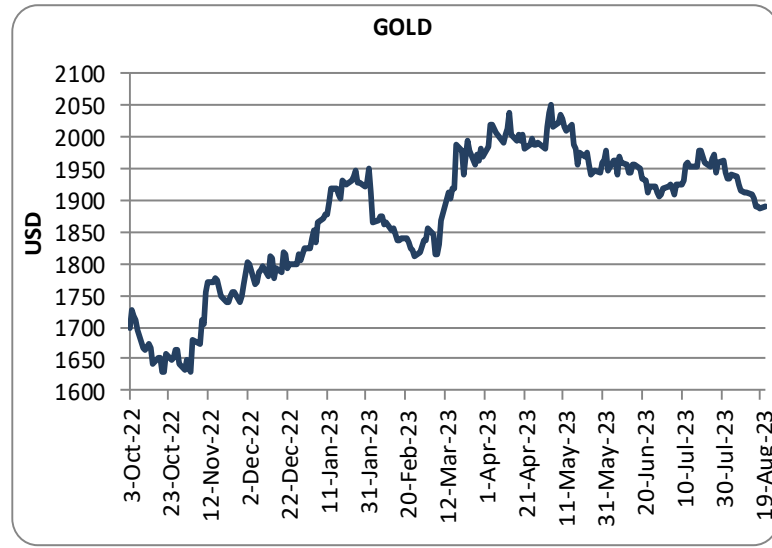
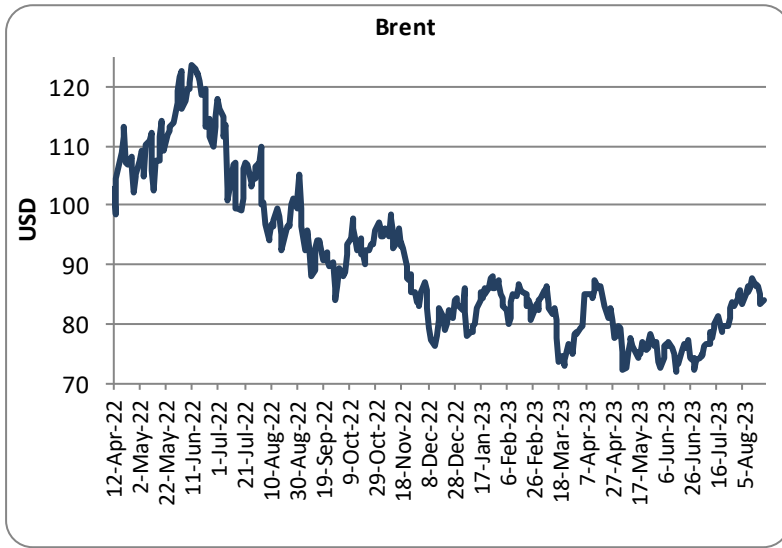
EQUITY		
FII	Gross Purchase	Net Investment
21-Aug-23	12347	575

TOTAL (Rs. Crs)		
FII	Gross Purchase	Net Investment
21-Aug-23	14068	1962

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jul-23	-1.4	-4.1
CPI (%)	Jul-23	7.4	4.9
IIP (%)	Jun-23	3.7	5.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	18-Aug-23	3.1	3.3
Retail Sales	UK	18-Aug-23	(2.10)	(1.00)
Unemployment Rate	Poland	24-Aug-23	5.00	5.00
Unemployment Rate	Japan	29-Aug-23	-	2.50
Q2 GDP	USA	30-Aug-23	-	2.40
Imports	Germany	31-Aug-23	-	(11.40)
Unemployment Rate	Germany	31-Aug-23	-	5.60
Unemployment Rate	Euro Zone	31-Aug-23	-	6.40





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

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