



# BONDWATCH

Daily

February 21, 2024

INDIA

Indian government bond yields closed lower on Wednesday, led by recent buying from foreign investors and as investors awaited minutes from the Reserve Bank of India (RBI) for further cues.

The benchmark 10-year yield ended at 7.0533%, following its previous close at 7.0610%.

Foreign investors have been on a buying spree ahead of the scheduled inclusion of Indian government bonds in JPMorgan's emerging market debt index from June. They have bought around 350 billion rupees (\$4.22 billion) of bonds on a net basis so far in 2024.

Minutes of the U.S. Federal Reserve's latest monetary policy meeting are due later in the day, while minutes of the Indian central bank's February monetary policy meeting will be out on Thursday.

The RBI had left interest rates and its policy stance unchanged while reiterating its commitment to meeting the 4% inflation target on a sustainable basis. The country's retail inflation eased to a three-month low of 5.10% in January, from 5.69% in December.

The 10-year U.S. yield was around 4.26%, as hopes of imminent rate cuts ebb. Market participants are pricing in three U.S. rate cuts 25 bps each, from expectations of at least five cuts two weeks ago.

Oil prices rose amid concerns over attacks on ships in the Red Sea and growing expectations that cuts to U.S. interest rates will take longer than thought.

The Indian rupee flat versus the U.S. dollar, and quoted at 82.97 per dollar as dollar demand from state-run banks, likely on behalf of importer clients, eroded the domestic unit's gains.

Repo: The weighted average call rates in the interbank segment increased to 6.70% vs 6.20% as on the previous day while that the TREP segment decreased to 6.46% vs 6.38% as on the previous day.

## Market Observations

### G-sec

- T-bill cut off was in line with market expectations.
- Demand was seen in May T-bill by mutual funds below 7.00 levels post cut off.

### Corporate Bonds

- Major activity was seen in the MMY segment and the 2025-2026 segment.
- Mutual funds were majorly active on buying side.

### CP/CD

- Major activity was seen in the 3-month and 1-year segment.

GOI Yield	21-Feb	20-Feb	14-Feb	24-Jan
1 Year	7.130	7.130	7.130	7.150
5 Year	7.040	7.055	7.093	7.061
10 Year	7.053	7.061	7.111	7.184

AAA Bmk	21-Feb	20-Feb	14-Feb	24-Jan
1 Year	7.95	7.92	8.00	7.90
5 Year	7.61	7.61	7.70	7.67
10 Year	7.54	7.60	7.63	7.70

CD	21-Feb	20-Feb	14-Feb	24-Jan
3 Month	7.82	7.82	7.85	7.80
6 Month	7.85	7.85	7.90	7.85
1 Year	7.85	7.85	7.90	7.90

CP	21-Feb	20-Feb	14-Feb	24-Jan
3 Month	7.85	7.85	8.00	7.90
6 Month	7.85	7.85	8.00	7.95
1 Year	7.95	7.95	8.00	8.00

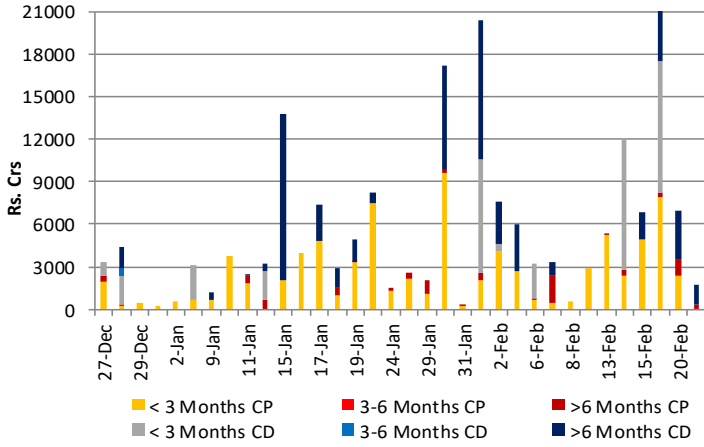
OIS Rate	21-Feb	20-Feb	14-Feb	24-Jan
1 Year	6.70	6.72	6.75	6.62
2 Year	6.39	6.42	6.45	6.27
3 Year	6.36	6.37	6.41	6.22
5 Year	6.32	6.35	6.39	6.18

	21-Feb	20-Feb	14-Feb	24-Jan
Sensex	72,623	73,057	71,823	71,060
Nifty	22,055	22,197	21,840	21,454
USD/INR	82.97	82.96	83.03	83.12
Gold (USD)	2,028	2,024	1,992	2,013
Oil (USD)	81.78	82.34	81.60	80.04

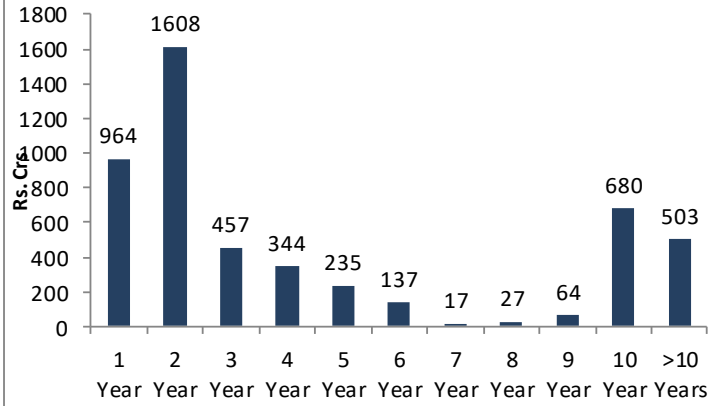
NDF	21-Feb	20-Feb	14-Feb	24-Jan
3 Month	83.28	83.19	83.32	83.46
1 Year	84.38	84.33	84.48	84.69
2 Year	86.63	86.48	86.65	87.10
3 Year	88.49	88.78	89.30	90.00



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	21-Feb	20-Feb	14-Feb	24-Jan
India	7.05	7.06	7.11	7.18
US	4.26	4.28	4.27	4.18
South Korea	3.47	3.49	3.51	3.40
Russia	12.69	12.66	12.50	12.23
Brazil	10.73	10.73	10.79	10.64
Germany	2.38	2.37	2.35	2.34
China	2.42	2.44	2.46	2.52

Top Traded Securities	Volume	15-Feb	14-Feb	8-Feb	17-Jan
7.26 2033	425	7.11	7.14	7.10	7.19
7.06 2028	1,075	7.08	7.11	7.05	7.06
7.62 2039	-	7.15	7.18	7.12	7.28
7.30 2053	1,570	7.13	7.18	7.13	7.37
6.64 2035	120	7.13	7.16	7.11	7.25
7.40 2035	110	7.13	7.16	7.10	7.26

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
20-Feb-24	7197	6446	751

EQUITY	Gross Purchase	Gross Sales	Net Investment
	23	61	-38

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
7220	6507	713

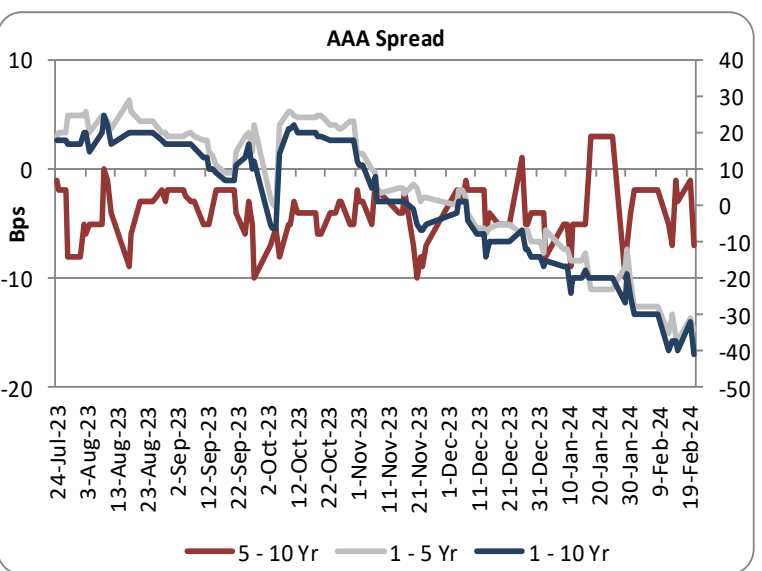
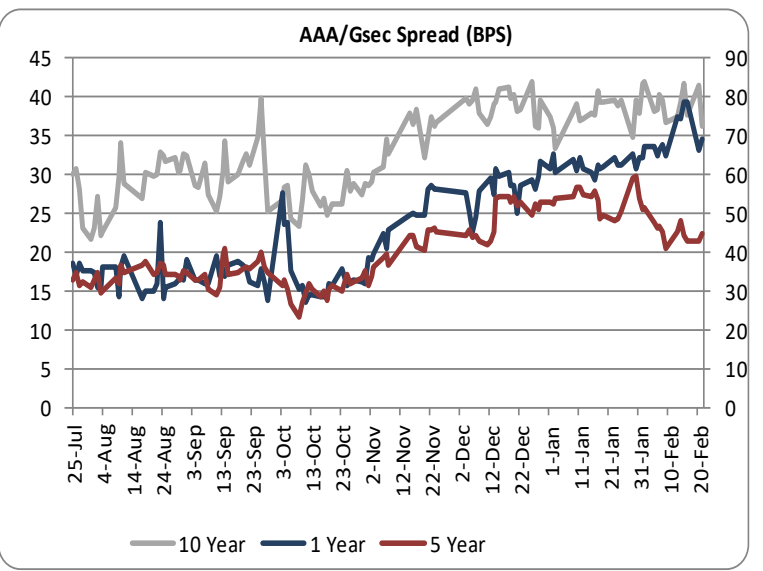
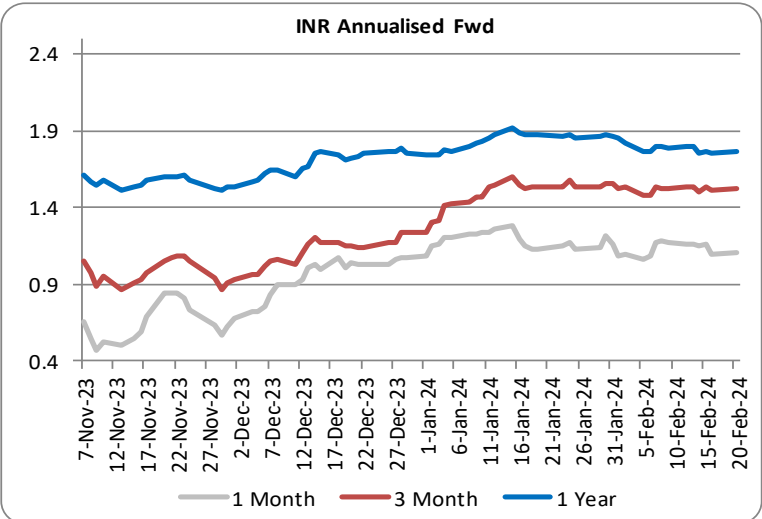
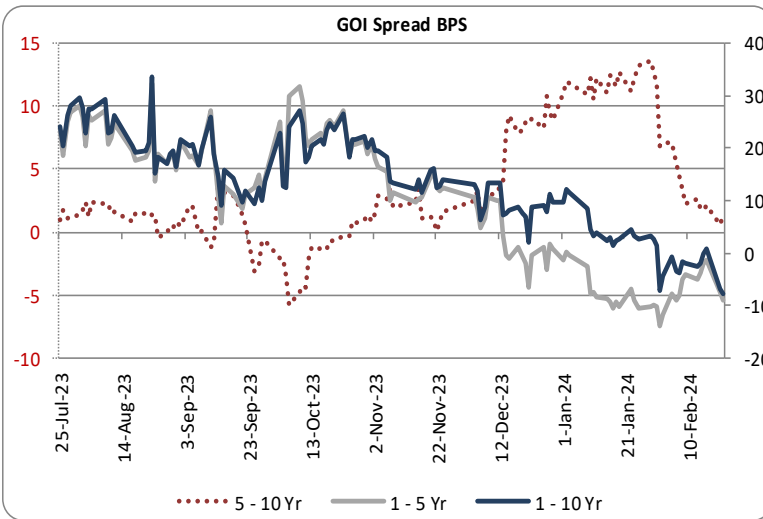
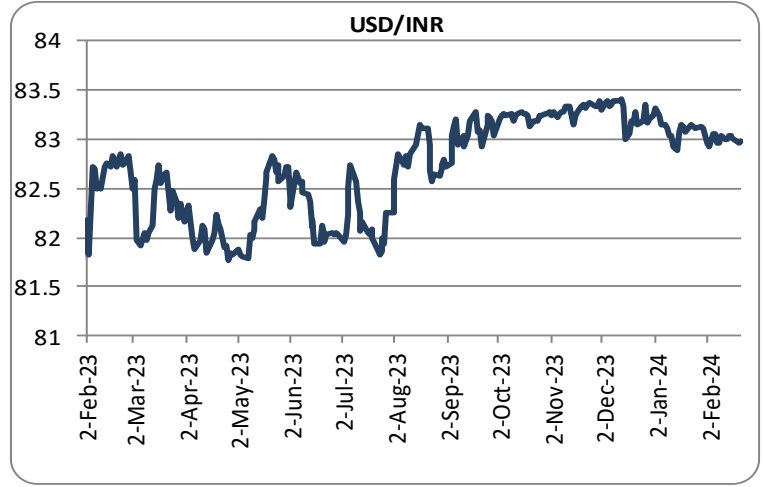
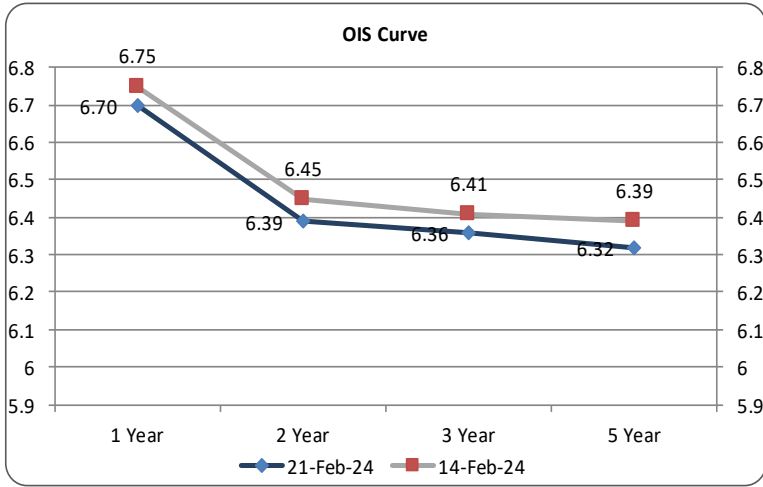
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
21-Feb-24	2402	563	1839

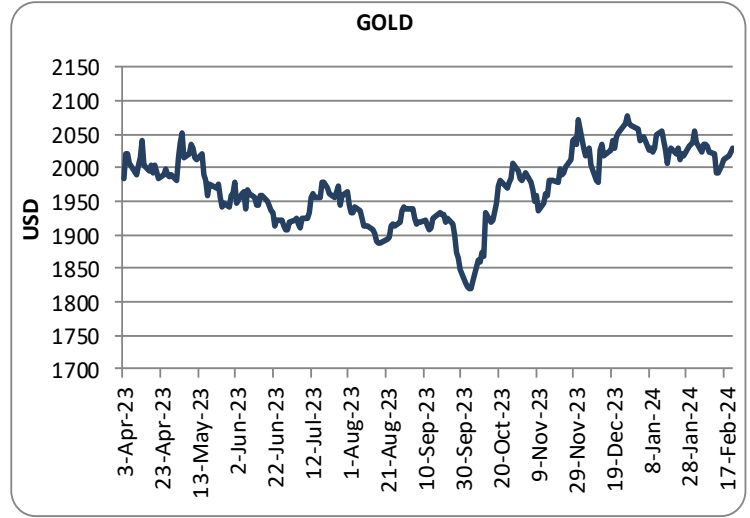
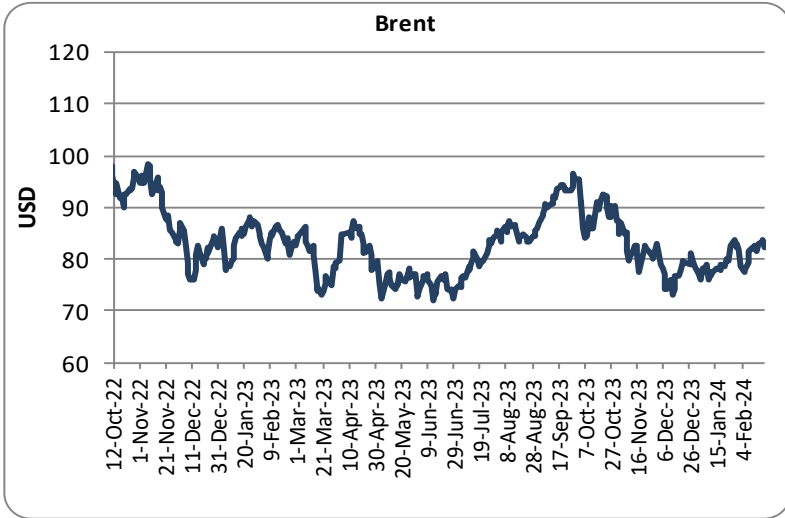
EQUITY	Gross Purchase	Gross Sales	Net Investment
	15008	12034	2974

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
17410	12598	4812

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Sep-23	-8.3	-9.2
Trade Deficit (\$ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Jan-24	0.3	0.7
CPI (%)	Jan-24	5.1	5.7
IIP (%)	Dec-23	3.8	2.4
PMI Manufacturing	Jan-24	56.5	54.9
PMI Service	Jan-24	61.8	59

Economic Calender	Country	Date	Poll	Prior
Retail Sales	Poland	22-Feb-24	0	0.5
GDP YY	Germany	23-Feb-24	(0.40)	(0.40)
CPI	Japan	27-Feb-24	-	2.60
GDP Q4	USA	28-Feb-24	3.30	3.30
CPI	Germany	29-Feb-24	-	2.90
Unemployment Rate	Japan	01-Mar-24	-	2.40
Unemployment Rate	Euro Zone	01-Mar-24	-	6.40
GDP YY Q4	Brazil	01-Mar-24	-	2.00





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

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