



BONDWATCH

Daily

September 21, 2023

INDIA

Indian government bonds recovered ground on Thursday, with yields easing as optimism over inclusion of Indian bonds in global indexes outweighed the bearishness triggered by rising U.S. peers.

The benchmark 7.18% 2033 bond yield ended at 7.1443% after closing at 7.1471% on Wednesday. The yield had risen to 7.1899% earlier in the day, before easing to a low of 7.1272%.

Indian bonds seem to have delinked from U.S. Treasury movements at least on a day-to-day basis, as demand for long bonds is strong from investors.

J.P.Morgan will likely review the composition of its emerging market bond index by early October, while a review of the FTSE global bond index is due before September-end.

Short selling in bonds has also reduced and the yield spread between local and U.S. debt has narrowed ahead of global index providers' reviews on the inclusion of the country's debt in indexes.

Earlier in the day, local bond yield rose after U.S. yields jumped after a hawkish Fed hinted at yet another rate hike in the next quarter, and that rates would be kept tighter through 2024 than previously expected.

The 10-year U.S. yield climbed to 4.45%, its highest level in 16 years, while the two-year yield rose to 5.20%, its highest in 17 years.

Oil prices fell on Thursday, as U.S. interest rate hike expectations offset the impact of drawdowns in U.S. crude stockpiles.

The Indian rupee weakened 0.02% versus the U.S. dollar, and quoted at 83.09 per dollar, pressured by elevated U.S. yields and weakness in Asian peers, but fears of potential intervention by the Reserve Bank of India helped limit further downside.

Repo: The weighted average call rates in the interbank segment decreased to 6.75% vs 6.76% as on the previous day while that the TREP segment remained the same at 6.76% vs 6.76% as on the previous day.

Market Observations

G-sec

- Steep demand was seen in the 3-month T-bill segment.
- Demand was seen in 2032-2033 G-sec from Banks.

Corporate Bonds

- Activity was seen up to 3 years by market participants.
- Mutual funds were active in the 2025-2026 segment.

CP/CD

- Activity was seen throughout all segments.

GOI Yield	21-Sep	20-Sep	14-Sep	24-Aug
1 Year	7.068	7.060	7.040	7.045
5 Year	7.153	7.153	7.098	7.183
10 Year	7.166	7.173	7.130	7.196

AAA Bmk	21-Sep	20-Sep	14-Sep	24-Aug
1 Year	7.55	7.55	7.50	7.45
5 Year	7.64	7.64	7.64	7.68
10 Year	7.62	7.62	7.60	7.65

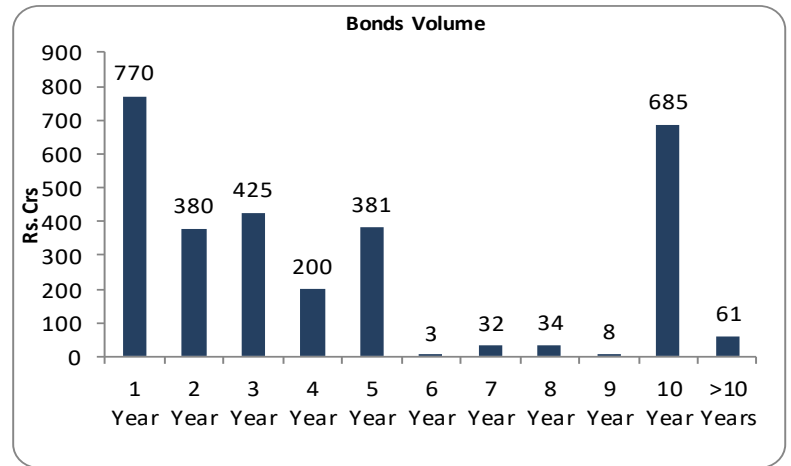
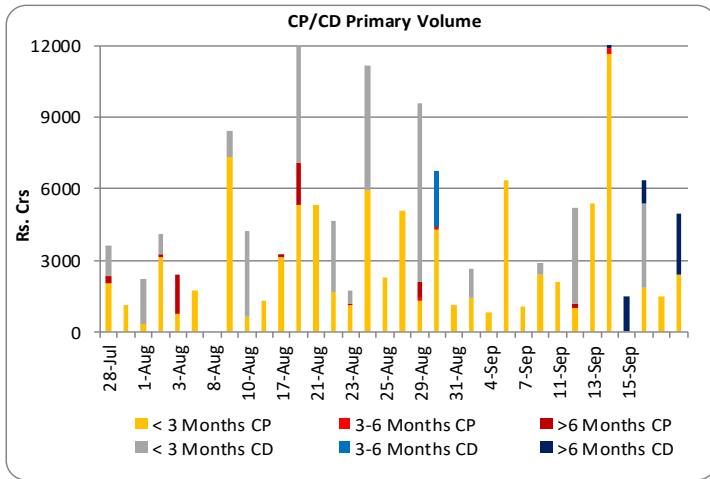
CD	21-Sep	20-Sep	14-Sep	24-Aug
3 Month	7.10	7.10	7.10	7.03
6 Month	7.25	7.25	7.25	7.25
1 Year	7.55	7.55	7.55	7.50

CP	21-Sep	20-Sep	14-Sep	24-Aug
3 Month	7.20	7.20	7.20	7.15
6 Month	7.35	7.35	7.35	7.35
1 Year	7.65	7.65	7.65	7.60

OIS Rate	21-Sep	20-Sep	14-Sep	24-Aug
1 Year	7.09	7.08	7.03	6.98
2 Year	6.85	6.84	6.78	6.70
3 Year	6.82	6.81	6.72	6.66
5 Year	6.79	6.78	6.69	6.60

	21-Sep	20-Sep	14-Sep	24-Aug
Sensex	66,230	66,801	67,519	65,252
Nifty	19,742	19,901	20,103	19,387
USD/INR	83.09	83.07	83.03	82.57
Gold (USD)	1,920	1,930	1,910	1,917
Oil (USD)	92.95	93.53	93.70	83.36

NDF	21-Sep	20-Sep	14-Sep	24-Aug
3 Month	83.42	83.40	83.40	82.87
1 Year	84.57	84.53	84.50	83.96
2 Year	86.67	86.69	86.73	86.10
3 Year	89.47	89.49	89.53	88.75



10 Year Benchmarks	21-Sep	20-Sep	14-Sep	24-Aug
India	7.15	7.15	7.10	7.19
US	4.45	4.35	4.29	4.24
South Korea	4.03	3.98	3.92	3.88
Russia	12.61	12.57	12.52	11.93
Brazil	11.33	11.33	11.28	11.16
Germany	2.75	2.70	2.60	2.52
China	2.68	2.68	2.63	2.55

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	24,585	7.20	7.17	7.18	7.15
7.06 2028	2,870	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	875	7.35	7.33	7.33	7.36
6.64 2035	900	7.17	7.16	7.22	7.24
7.40 2035	575	7.20	7.18	7.24	7.23

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
12-Sep-23	7165	6821	344

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
12-Sep-23	4850	3735	1115

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
12-Sep-23	12016	10556	1460

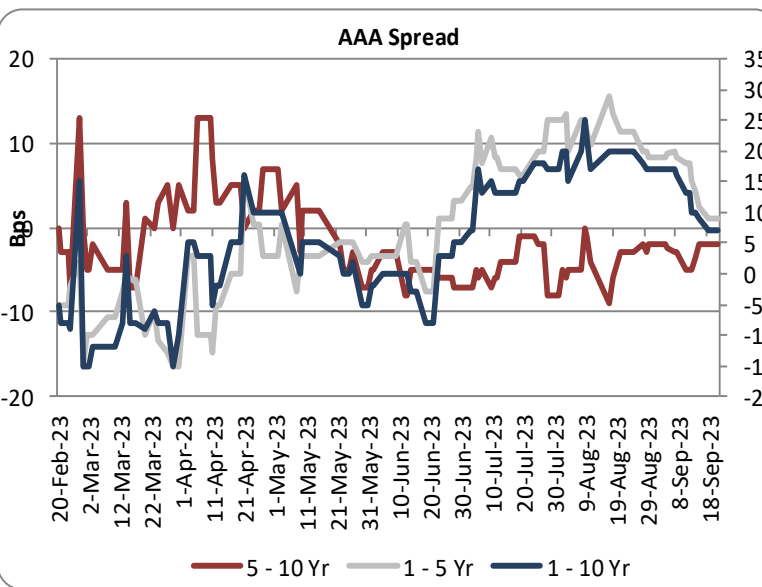
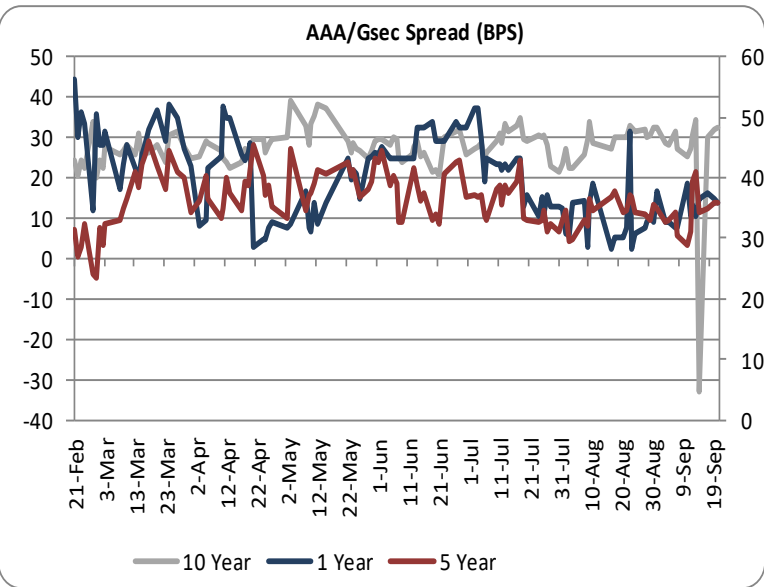
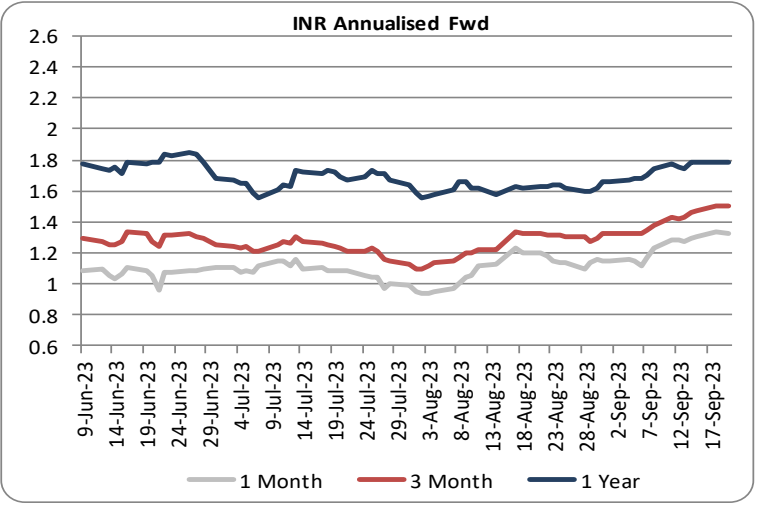
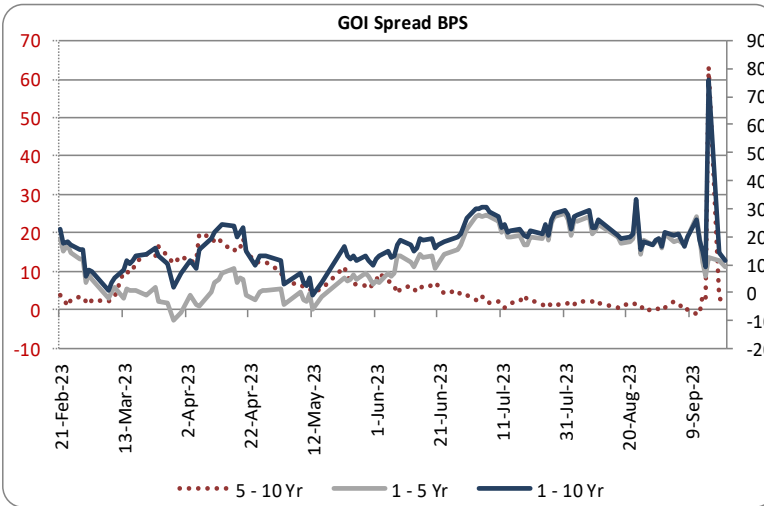
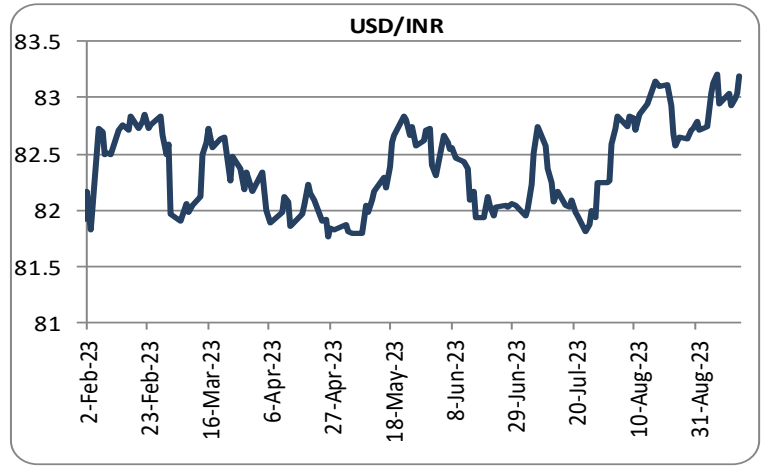
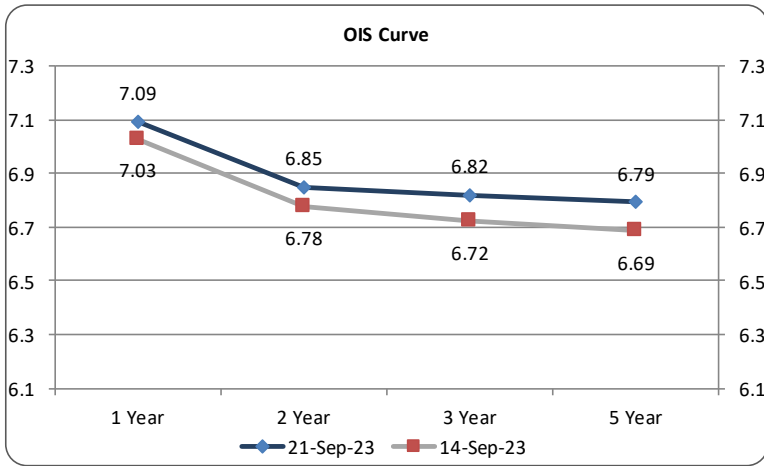
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
21-Sep-23	378	1519	-1140

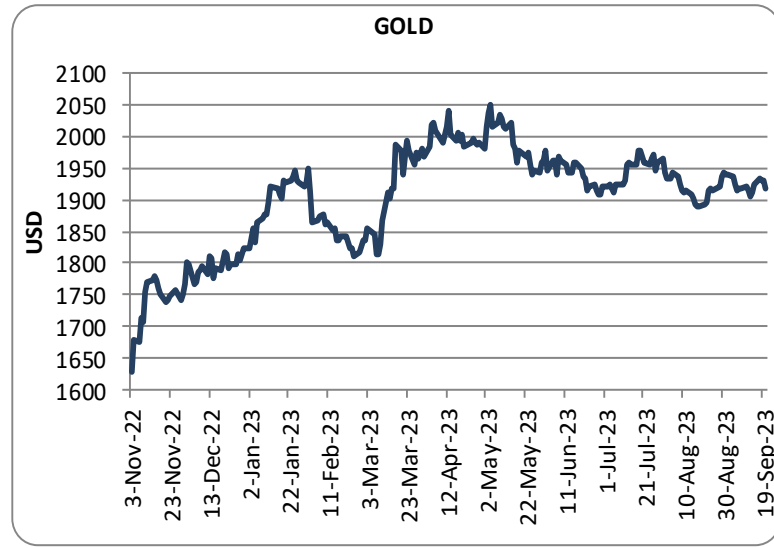
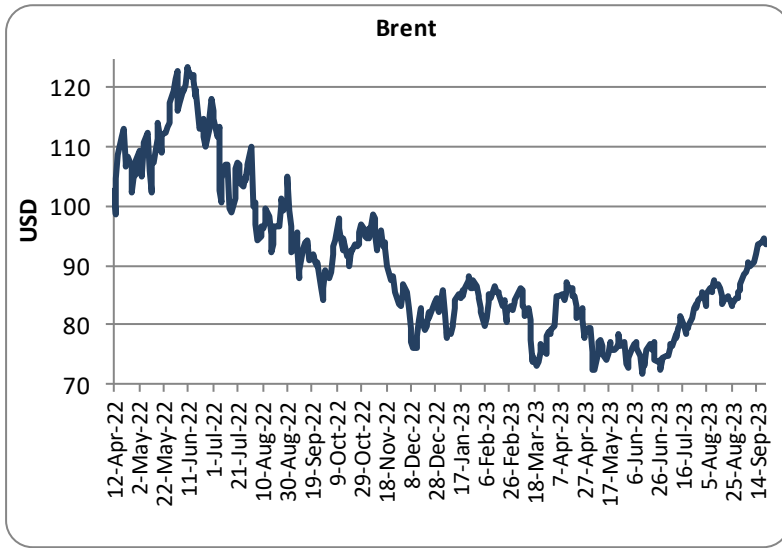
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
21-Sep-23	15777	18853	-3076

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
21-Sep-23	16156	20372	-4216

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Aug-23	-0.5	-1.4
CPI (%)	Aug-23	6.8	7.4
IIP (%)	Jul-23	5.7	3.7
PMI Manufacturing	Aug-23	58.6	57.7
PMI Service	Aug-23	60.1	62.3

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	22-Sep-23	0	3.3
Retail Sales	UK	22-Sep-23	(1.20)	(3.20)
BOJ Rate Decision	Japan	22-Sep-23	(0.10)	(0.10)
CPI	Germany	28-Sep-23	-	6.10
Unemployment Rate	Japan	29-Sep-23	-	2.70
Unemployment Rate	Euro Zone	02-Oct-23	-	6.40
Inflation	Indonesia	2nd - 6th Oct	-	3.27
Unemployment rate	Canada	2rd - 9th Oct	-	5.50





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

LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

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For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

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