



# BONDWATCH

Daily

August 22, 2023

INDIA

Indian government bond yields ended little changed on Tuesday, after inching higher during the day tracking a jump in U.S. peers.

The benchmark 7.26% 2033 bond yield ended at 7.2204%, after ending the previous session at 7.2208%.

In Asian trading hours, the yield on the 10-year Treasury note rose to its highest level since November 2007 amid growing concerns that the U.S. Federal Reserve will keep interest rates higher for longer in a resilient economy.

The 10-year yield hit 4.3660%, rising over 40 basis points (bps) in August. The rate-sensitive two-year yield crossed the 5% mark. However, the yield eased later in the day, which released some selling pressure from government bonds.

The U.S. central bank has raised rates by 525 bps since March 2022 to the 5.25%-5.50% range, while pricing of rate cuts by end-2024 has eased below 100 basis points. Fed Chair Jerome Powell's speech at the Jackson Hole event on Friday would provide more clues on the central bank's thinking on the rate trajectory.

Back home, Investors are keeping an eye on the evolving consumer price increases after July retail inflation spiked to a 15-month high of 7.44% from the previous month's 4.87%.

The Indian rupee strengthened 0.21% versus the U.S. dollar, and quoted at 82.94 per dollar, and posted biggest single-day gain in nearly a month and a half, as the greenback eased from recent peaks amid some rebound in global risk appetite.

Repo: The weighted average call rates in the interbank segment decreased to 6.76% vs 6.77% as on the previous day while that the TREP segment increased to 6.76% vs 6.75% as on the previous day.

GOI Yield	22-Aug	21-Aug	17-Aug	24-Jul
1 Year	7.010	7.025	7.045	6.865
5 Year	7.204	7.206	7.241	7.059
10 Year	7.220	7.221	7.249	7.072

AAA Bmk	22-Aug	21-Aug	17-Aug	24-Jul
1 Year	7.45	7.45	7.45	7.32
5 Year	7.68	7.68	7.74	7.51
10 Year	7.65	7.65	7.65	7.50

CD	22-Aug	21-Aug	17-Aug	24-Jul
3 Month	7.05	7.05	7.05	6.95
6 Month	7.30	7.30	7.30	7.18
1 Year	7.50	7.50	7.50	7.45

CP	22-Aug	21-Aug	17-Aug	24-Jul
3 Month	7.20	7.20	7.20	7.10
6 Month	7.40	7.40	7.40	7.28
1 Year	7.60	7.60	7.60	7.60

OIS Rate	22-Aug	21-Aug	17-Aug	24-Jul
1 Year	7.00	7.01	7.03	6.79
2 Year	6.77	6.77	6.80	6.49
3 Year	6.73	6.73	6.76	6.36
5 Year	6.69	6.69	6.73	6.30

	22-Aug	21-Aug	17-Aug	24-Jul
Sensex	65,220	65,216	65,151	66,385
Nifty	19,396	19,394	19,365	19,672
USD/INR	82.94	83.11	83.15	81.82
Gold (USD)	1,902	1,894	1,889	1,955
Oil (USD)	84.00	84.46	84.12	82.74

NDF	22-Aug	21-Aug	17-Aug	24-Jul
3 Month	83.27	83.40	83.41	82.15
1 Year	84.38	84.47	84.48	83.16
2 Year	86.64	86.62	86.63	85.24
3 Year	89.47	89.27	89.28	87.89

## Market Observations

### G-sec

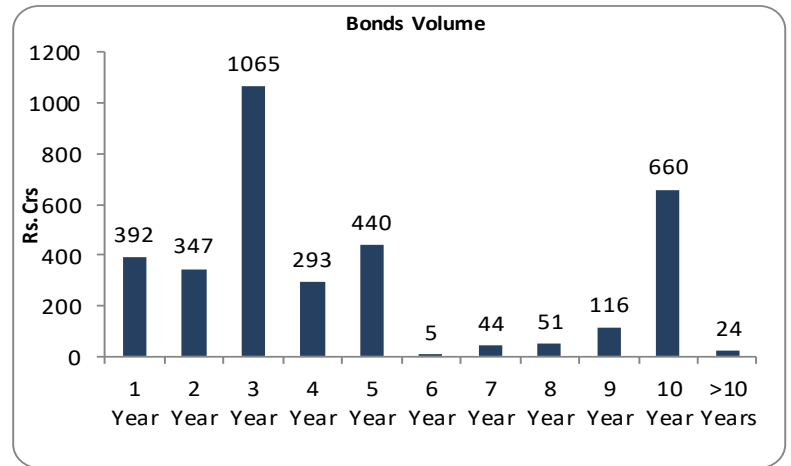
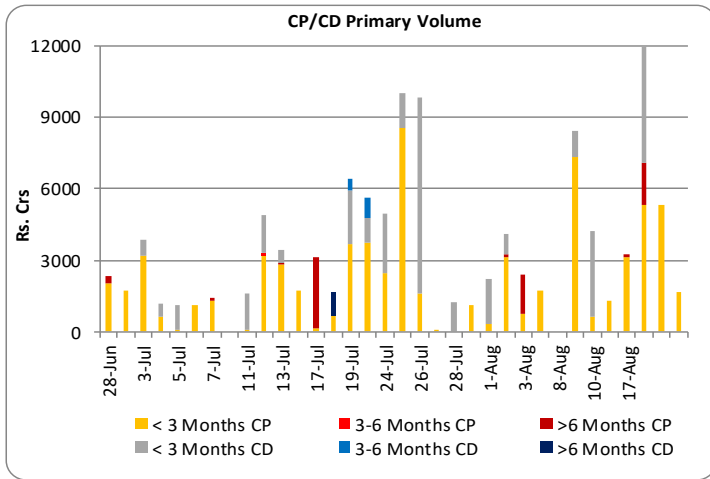
- Demand was seen in 7 to 10year maturity SDL's by nationalized banks. Major sellers were life insurance companies and Mutual funds.
- SDL cut off was a bit better than market expectation as the supply was less.
- Selling was seen in 2 to 3-year G-sec and SDLs by Mutual funds and Foreign banks.

### Corporate Bonds

- Muted activity throughout the day.
- Mutual funds were seen selling in the 2026 segment.

### CP/CD

- Activity was seen in the 1 to 3-month segment.



10 Year Benchmarks	22-Aug	21-Aug	17-Aug	24-Jul
India	7.22	7.22	7.25	7.07
US	4.32	4.34	4.31	3.86
South Korea	3.99	3.98	3.99	3.64
Russia	11.77	11.78	11.76	11.45
Brazil	11.47	11.39	11.29	10.85
Germany	2.66	2.71	2.70	2.39
China	2.56	2.54	2.57	2.65

Top Traded Securities	Volume	11-Aug	10-Aug	4-Aug	13-Jul
7.26 2033	25,280	7.20	7.15	7.19	7.07
7.06 2028	935	7.32	7.30	7.34	7.21
7.62 2039	55	7.22	7.18	7.22	7.12
7.30 2053	95	#N/A	#N/A	#N/A	7.19
6.64 2035	520	#N/A	#N/A	7.33	7.17
7.40 2035	-	#N/A	#N/A	7.34	7.17

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

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	3594	3518	76

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	6676	6112	563

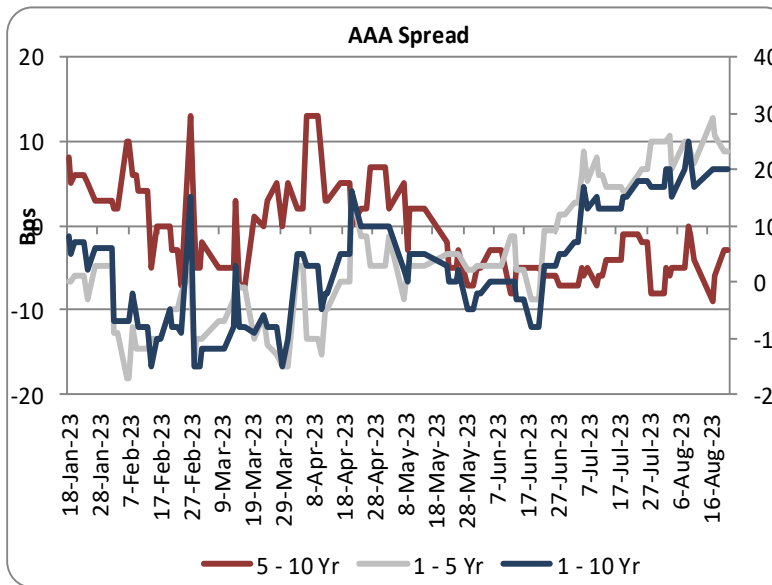
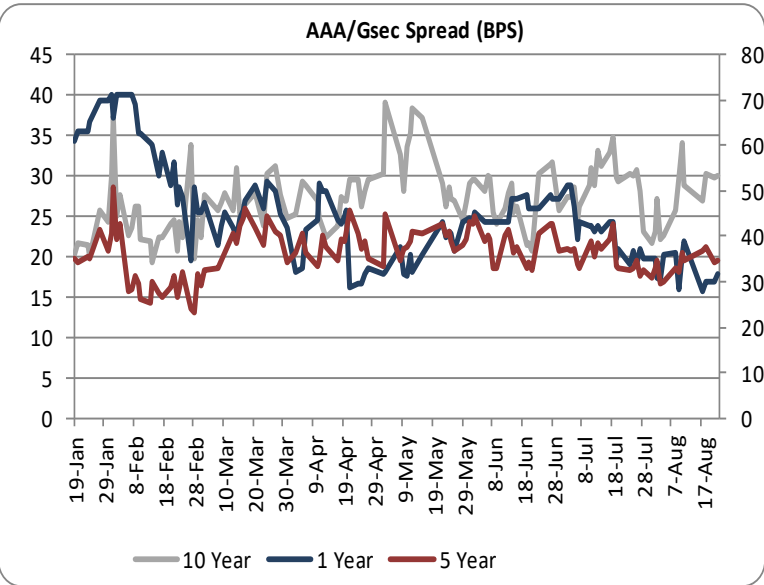
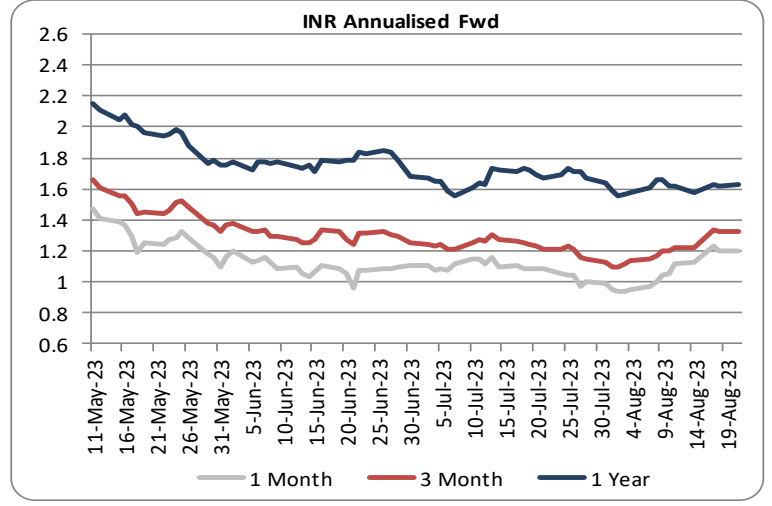
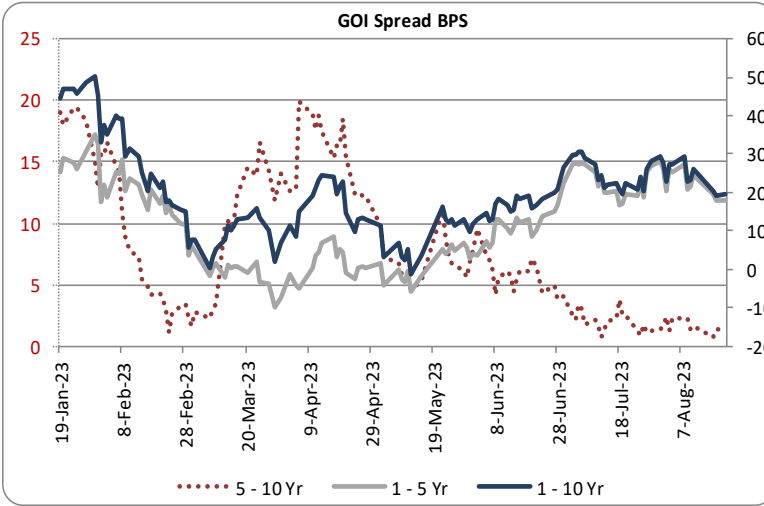
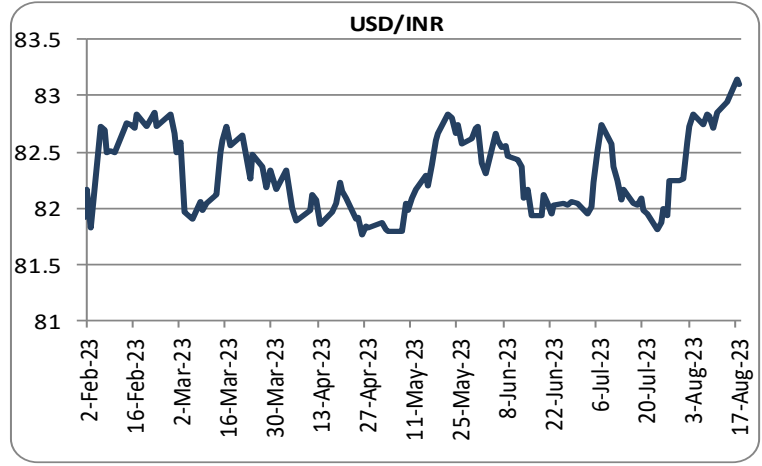
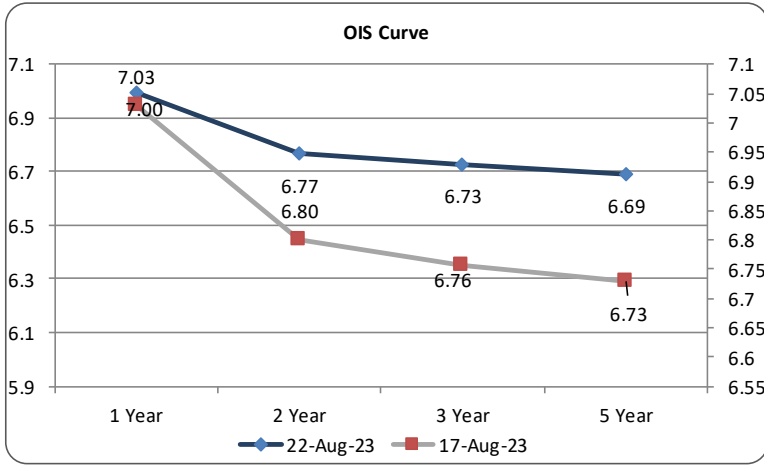
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
22-Aug-23	2971	744	2227

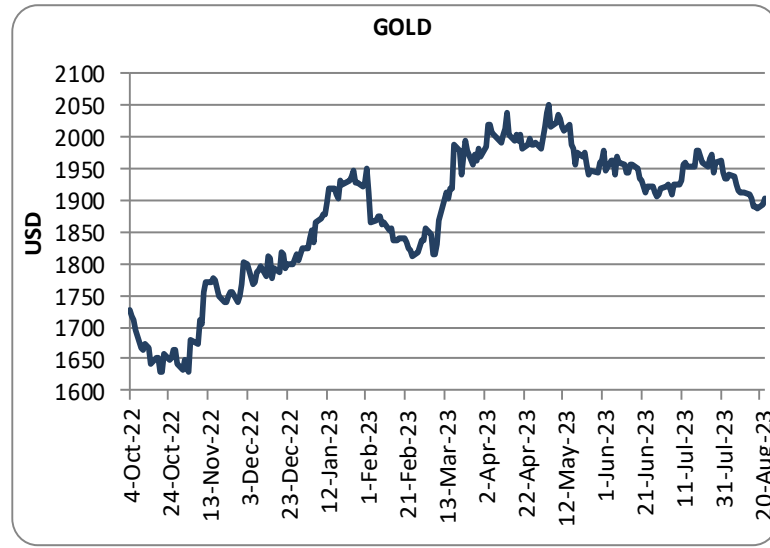
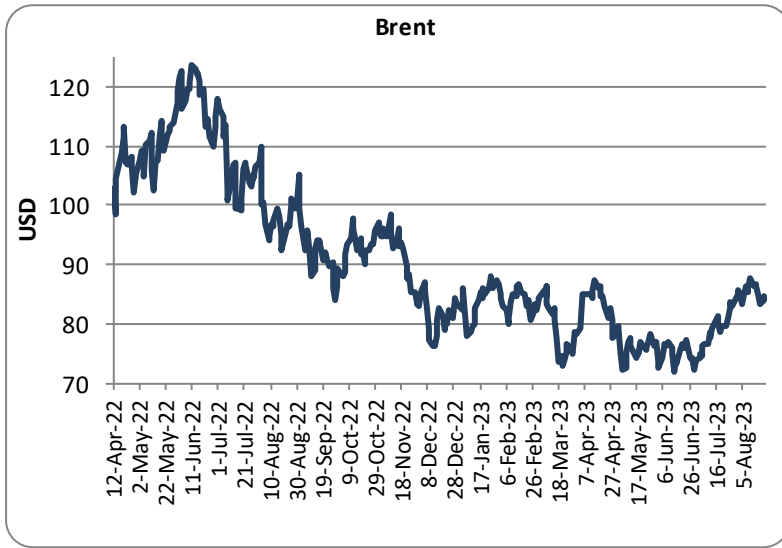
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	8158	9435	-1277

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	11129	10179	950

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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