



# BONDWATCH

Daily

INDIA

February 22, 2023

The 10-year benchmark 7.26% 2032 bond yield ended at 7.4249%, its highest since Nov. 7 and after closing at 7.3883% on Tuesday.

U.S. Treasury prices slumped, with the 10-year yield hovering around the critical 4.00% handle on bets of further interest rate hikes in the coming months.

Strong economic data and hawkish comments from Federal Reserve officials have raised bets of higher rates for longer in the battle against inflation. The 10-year yield hit 3.97% earlier in the day, its highest level in over three months.

The Fed has raised the policy rate by 450 basis points (bps) to the 4.50%-4.75% range since March, with traders expecting another 75 bps worth of rate hikes till June.

The RBI raised the repo rate for the sixth consecutive time earlier this month, taking it to 6.50%, and kept the door open for more tightening.

The central bank will increase interest rates by 25 bps to 6.75% in April and then pause until the end of 2023.

Rate hike bets further cemented after the central bank sold 364-day Treasury Bills at the 7.26% cutoff yield, higher than estimates, and also at levels last seen in November 2018.

The Indian rupee weakened 0.07% versus the U.S. dollar, and quoted at 82.85 per dollar despite surging U.S. yields and the fall in Asian peers, helped by a possible intervention from the central bank.

Repo: The weighted average call rates in the interbank segment increased to 6.64% vs 6.58% on the previous day while that the TREP segment increased to 6.54% vs 6.51% as on the previous day.

## Market Observations

### G-sec

- Indian government bond yields rose on Wednesday, with the benchmark yield at its highest in nearly four months as the relentless rise in U.S. yields continues to weigh on investor appetite. Market participants also keenly await the minutes of the Reserve Bank of India's (RBI) latest monetary policy meeting, due later in the day.

### Corporate Bonds

- The market overall was dull. In the second half of the trading session yields increased slightly due to Gsec getting given.

### CP/CD

- Major demand was witnessed across all segments.

GOI Yield	22-Feb	21-Feb	14-Feb	24-Jan
1 Year	7.250	7.160	7.120	6.890
5 Year	7.395	7.351	7.316	7.152
10 Year	7.425	7.388	7.371	7.345

AAA Bmk	22-Feb	21-Feb	14-Feb	24-Jan
1 Year	7.85	7.85	7.85	7.66
5 Year	7.80	7.80	7.75	7.63
10 Year	7.77	7.77	7.70	7.68

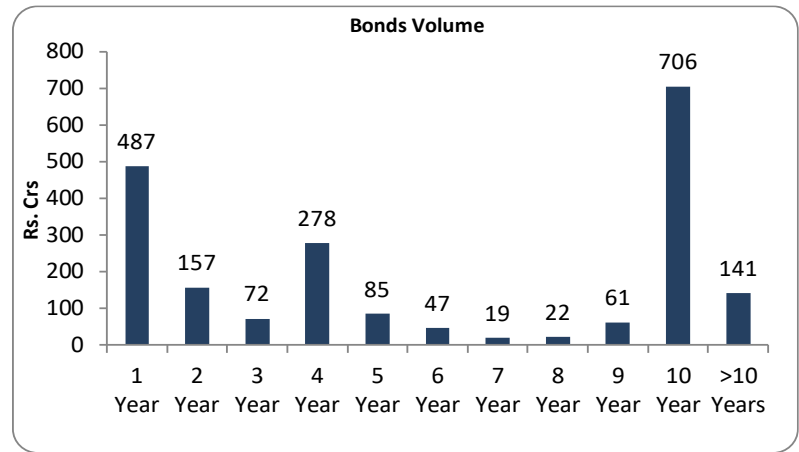
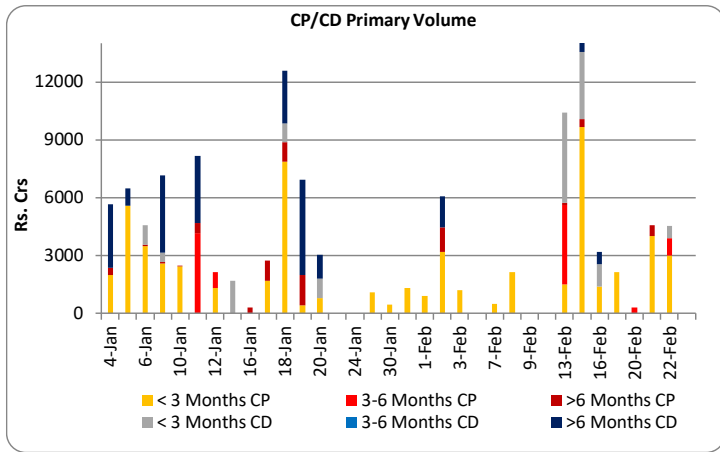
CD	22-Feb	21-Feb	14-Feb	24-Jan
3 Month	7.35	7.35	7.25	7.15
6 Month	7.65	7.65	7.60	7.55
1 Year	7.80	7.80	7.80	7.72

CP	22-Feb	21-Feb	14-Feb	24-Jan
3 Month	7.45	7.45	7.35	7.40
6 Month	7.75	7.75	7.70	7.85
1 Year	7.90	7.90	7.82	8.00

OIS Rate	22-Feb	21-Feb	14-Feb	24-Jan
1 Year	7.00	6.97	6.92	6.67
2 Year	6.73	6.67	6.57	6.28
3 Year	6.63	6.57	6.45	6.18
5 Year	6.65	6.58	6.47	6.17

	22-Feb	21-Feb	14-Feb	24-Jan
Sensex	59,745	60,673	61,032	60,979
Nifty	17,554	17,827	17,930	18,118
USD/INR	82.85	82.79	82.76	81.72
Gold (USD)	1,838	1,834	1,854	1,937
Oil (USD)	82.11	83.05	85.58	86.13

NDF	22-Feb	21-Feb	14-Feb	24-Jan
3 Month	83.41	83.33	83.35	82.12
1 Year	84.65	84.63	84.57	83.54
2 Year	87.91	86.41	86.59	85.38
3 Year	90.00	88.99	89.09	88.40



10 Year Benchmarks	22-Feb	21-Feb	14-Feb	24-Jan
India	7.43	7.39	7.37	7.35
US	3.94	3.95	3.76	3.47
South Korea	3.65	3.60	3.40	3.28
Russia	10.97	11.01	10.97	10.53
Brazil	13.25	13.25	13.47	13.18
Germany	2.52	2.54	2.45	2.16
China	2.92	2.92	2.89	2.99

Top Traded Securities	Volume	22-Feb	21-Feb	14-Feb	24-Jan
5.74 2026	440	7.36	7.31	7.28	7.13
7.38 2027	-	7.40	7.35	7.32	7.15
7.10 2029	-	7.42	7.38	7.35	7.28
6.54 2032	10	7.44	7.40	7.38	7.36
7.26 2032	-	7.42	7.39	7.37	7.35
7.54 2036	-	7.48	7.45	7.45	7.40

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
15-Feb-23	4351	4303	48

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6384	6452	-69

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10735	10756	-21

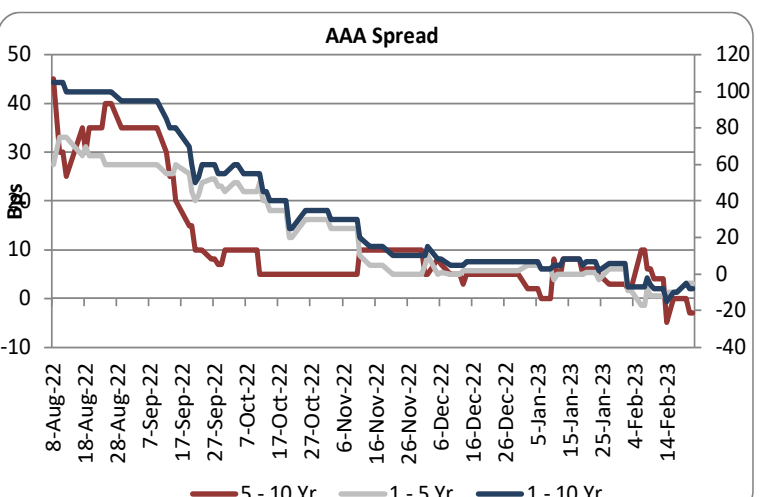
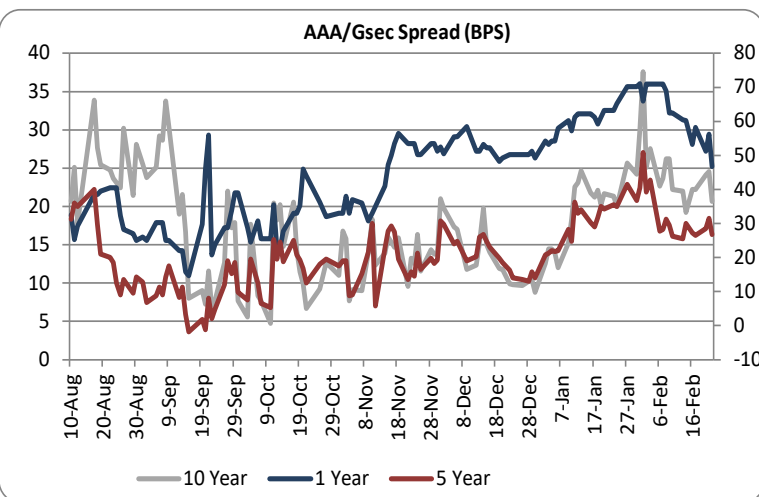
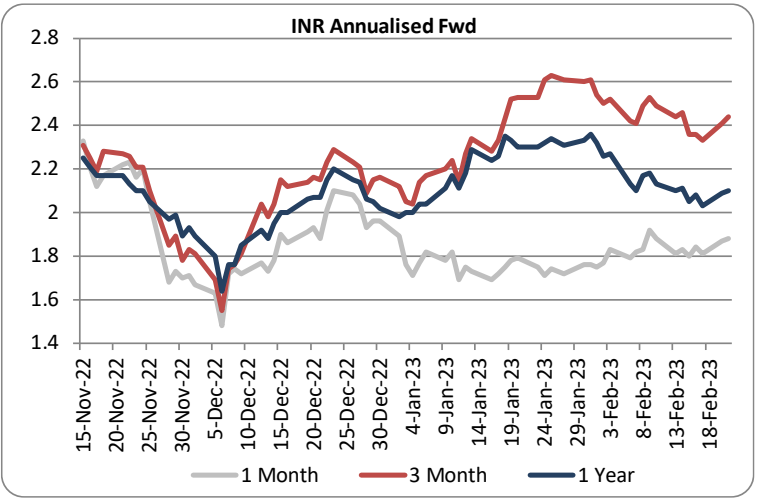
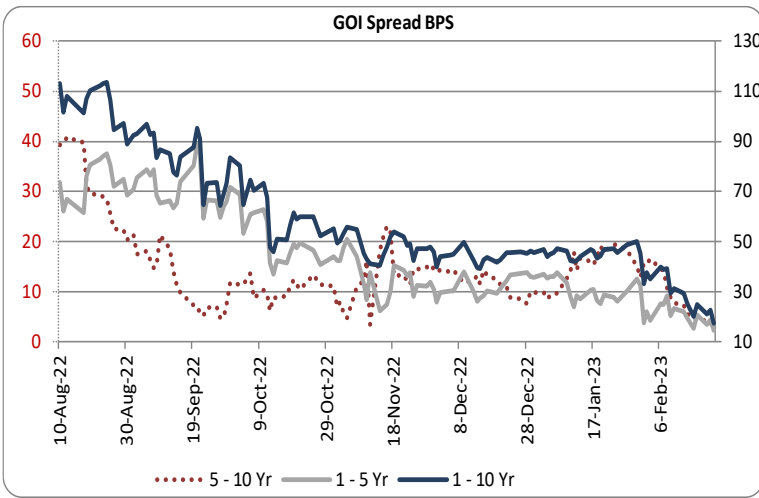
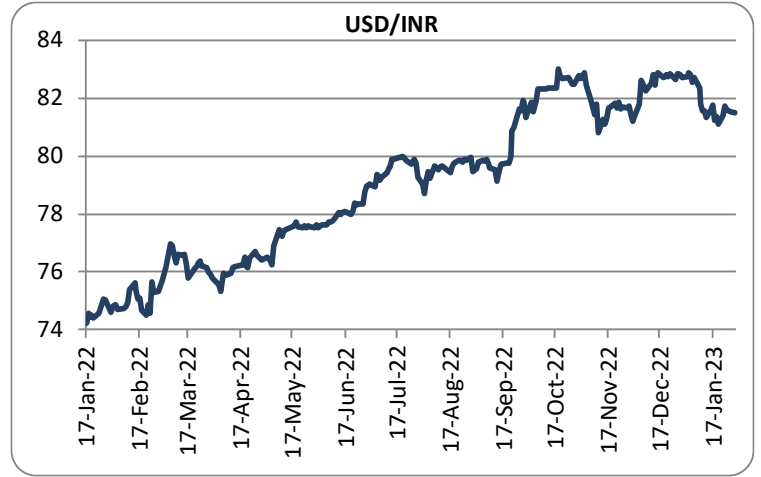
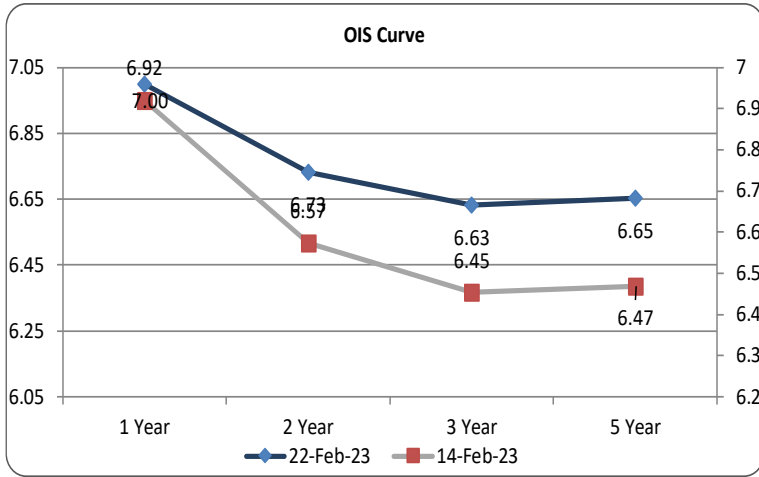
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
22-Feb-23	720	1439	-719

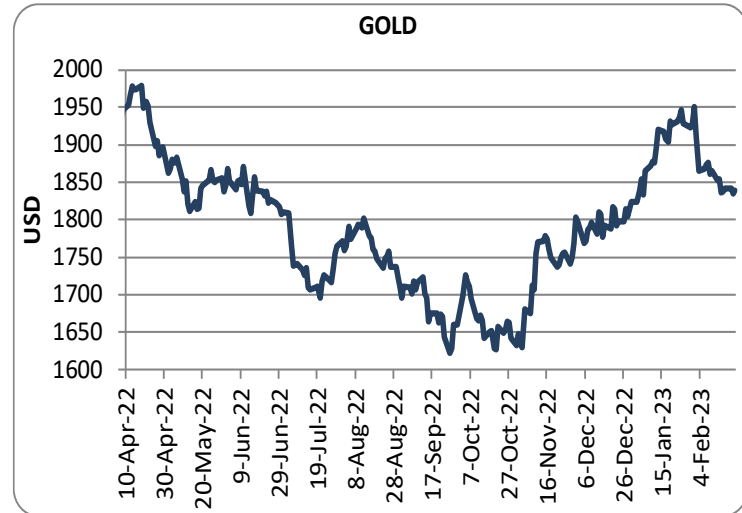
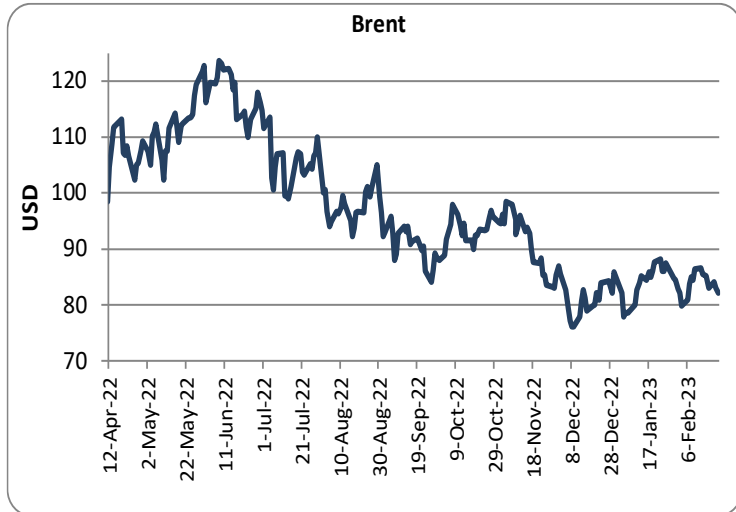
EQUITY		
Gross Purchase	Gross Sales	Net Investment
5750	4722	1029

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
6470	6161	309

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-22	6.3	13.5
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Jan-23	55.4	57.8
PMI Service	Jan-23	57.2	58.5

Economic Calender	Country	Date	Poll	Prior
WPI	India	14-Feb-23	4.54	4.95
Unemployment Rate	UK	14-Feb-23	3.70	3.70
CPI	USA	14-Feb-23	6.20	6.50
CPI	UK	15-Feb-23	10.20	10.50
Industrial Output	Poland	20-Feb-23	4.30	-
Exports	Thailand	28-Feb-23	-	(12.90)
Imports	Thailand	28-Feb-23	-	(10.50)
GDP	Switzerland	28-Feb-23	-	0.50





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

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