



BONDWATCH

Daily

August 24, 2023

INDIA

Indian government bond yields were off their lows to end little changed on Thursday as the impact from a fall in U.S. yields was offset by caution before the release of the Reserve Bank of India's policy minutes as well as debt supply.

The benchmark 7.26% 2033 bond yield ended at 7.1963% after ending the previous session at 7.1927%. Earlier in the day, it fell to 7.1721%, the lowest since Aug. 10. Local bonds have been tracking U.S. yields, but they have not fallen much as inflation worries continue to hurt.

RBI minutes could provide insight into the central bank's thoughts on inflation trajectory. It had maintained a status quo on policy rates but raised inflation forecast.

Retail inflation surged to 7.44% in July, the highest in 15 months. Vegetable prices have begun to soften and are likely to decline from September, RBI Governor Shaktikanta Das said on Wednesday.

Earlier in the day, yields fell tracking a slump in U.S. yields as weak U.S. and European activity signaled disinflation. The 10-year yield eased below the crucial 4.20% mark after hitting 4.3660% earlier in the week, the highest since November 2007.

Fed funds futures traders are pricing in over 100 basis points (bps) of rate cuts by end-2024, down from around 140 bps from a few weeks earlier, but up from the below-100 bps expectations earlier in the week.

The Indian rupee strengthened 0.13% versus the U.S. dollar, and quoted at 82.58 per dollar, on a pullback in U.S. Treasury yields, which helped relieve the recent pressure facing Asian currencies.

Repo: The weighted average call rates in the interbank segment remained the same at 6.77% vs 6.77% as on the previous day while that the TREP segment also remained the same at 6.75% vs 6.75% as on the previous day.

GOI Yield	24-Aug	23-Aug	17-Aug	26-Jul
1 Year	7.045	6.857	7.045	6.893
5 Year	7.183	7.180	7.241	7.079
10 Year	7.196	7.193	7.249	7.097

AAA Bmk	24-Aug	23-Aug	17-Aug	26-Jul
1 Year	7.45	7.45	7.45	7.35
5 Year	7.68	7.68	7.74	7.55
10 Year	7.65	7.65	7.65	7.53

CD	24-Aug	23-Aug	17-Aug	26-Jul
3 Month	7.03	7.05	7.05	6.95
6 Month	7.25	7.30	7.30	7.15
1 Year	7.50	7.45	7.50	7.45

CP	24-Aug	23-Aug	17-Aug	26-Jul
3 Month	7.15	7.20	7.20	7.10
6 Month	7.35	7.40	7.40	7.28
1 Year	7.60	7.55	7.60	7.55

OIS Rate	24-Aug	23-Aug	17-Aug	26-Jul
1 Year	6.98	6.99	7.03	6.81
2 Year	6.70	6.72	6.80	6.54
3 Year	6.66	6.66	6.76	6.43
5 Year	6.60	6.63	6.73	6.37

	24-Aug	23-Aug	17-Aug	26-Jul
Sensex	65,252	65,433	65,151	66,707
Nifty	19,387	19,444	19,365	19,778
USD/INR	82.57	82.69	83.15	82.00
Gold (USD)	1,918	1,914	1,889	1,972
Oil (USD)	83.44	83.21	84.12	82.92

NDF	24-Aug	23-Aug	17-Aug	26-Jul
3 Month	82.87	82.86	83.41	82.26
1 Year	83.89	83.90	84.48	83.34
2 Year	86.20	85.96	86.63	85.36
3 Year	89.01	88.61	89.28	88.01

Market Observations

G-sec

- Selling was seen in 2 and 3-year G-sec and SDLs by foreign banks and Mutual funds respectively but market witnessed very timid demand in that segment.

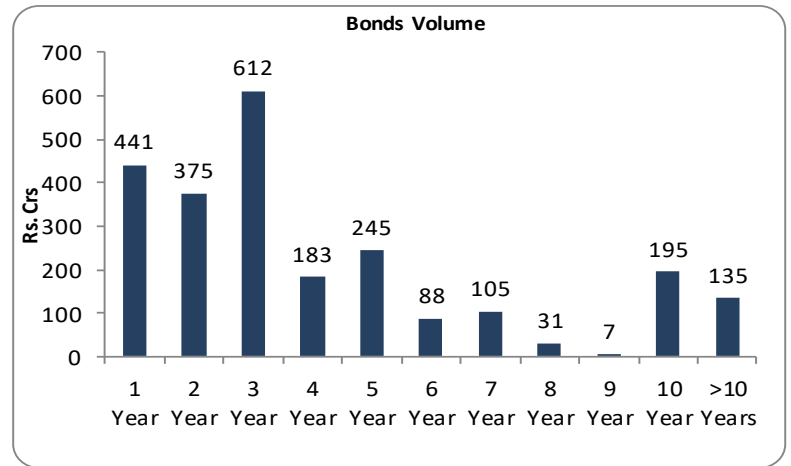
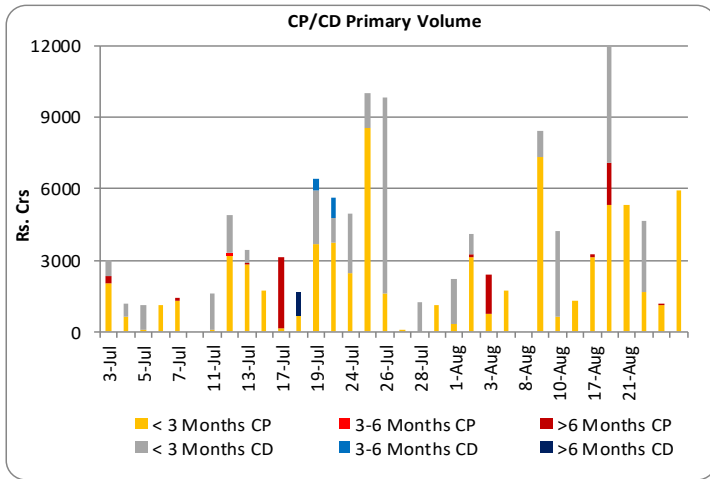
- Demand was seen in 3-month t-bill by Mutual funds but supply was limited.

Corporate Bonds

- Mutual funds were seen buying PSU papers in 2025 segment.

CP/CD

- Demand was seen in the 1-3-month segment.



10 Year Benchmarks	24-Aug	23-Aug	17-Aug	26-Jul
India	7.20	7.19	7.25	7.10
US	4.21	4.20	4.31	3.85
South Korea	3.88	3.91	3.99	3.66
Russia	11.86	11.85	11.76	11.42
Brazil	11.06	11.06	11.29	10.83
Germany	2.52	2.52	2.70	2.46
China	2.55	2.56	2.57	2.68

Top Traded Securities	Volume	23-Aug	22-Aug	16-Aug	25-Jul
7.26 2033	22,545	7.19	7.22	#N/A	7.10
7.06 2028	605	7.30	7.33	#N/A	7.25
7.62 2039	-	7.21	7.23	0.00	7.14
7.30 2053	175	7.25	#N/A	#N/A	#N/A
6.64 2035	155	7.27	7.28	#N/A	7.18
7.40 2035	135	7.25	7.28	#N/A	7.21

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
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

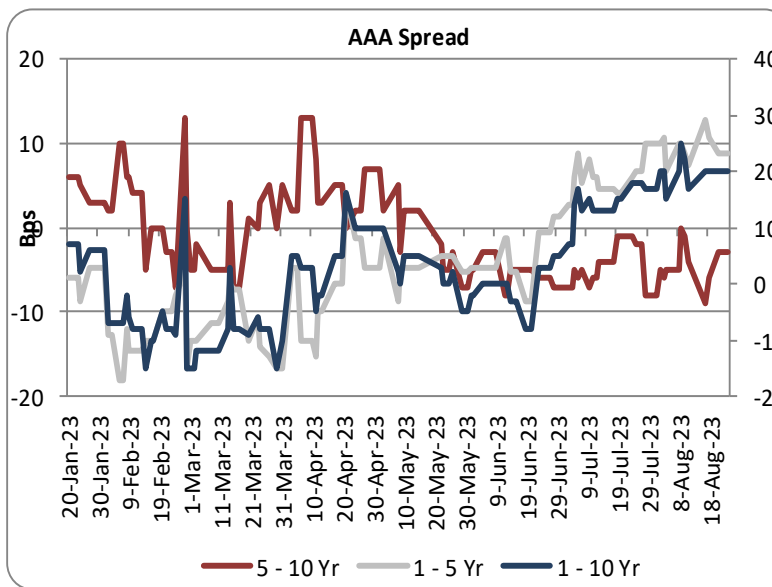
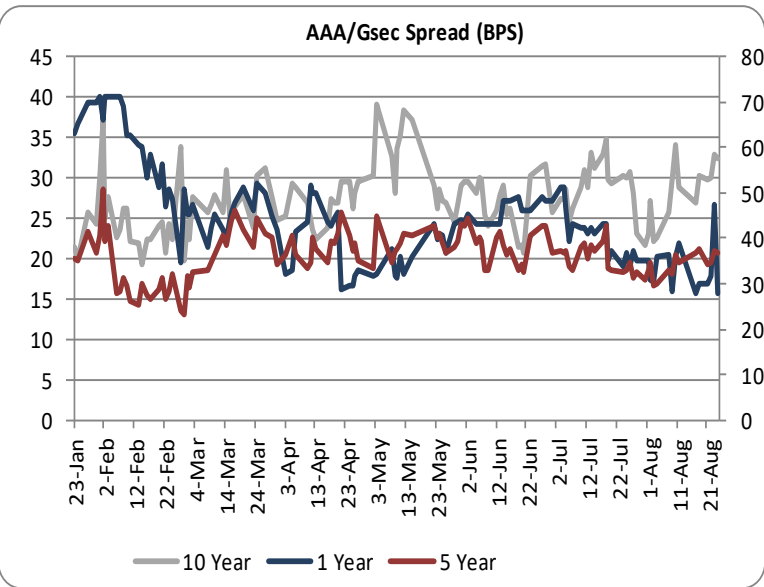
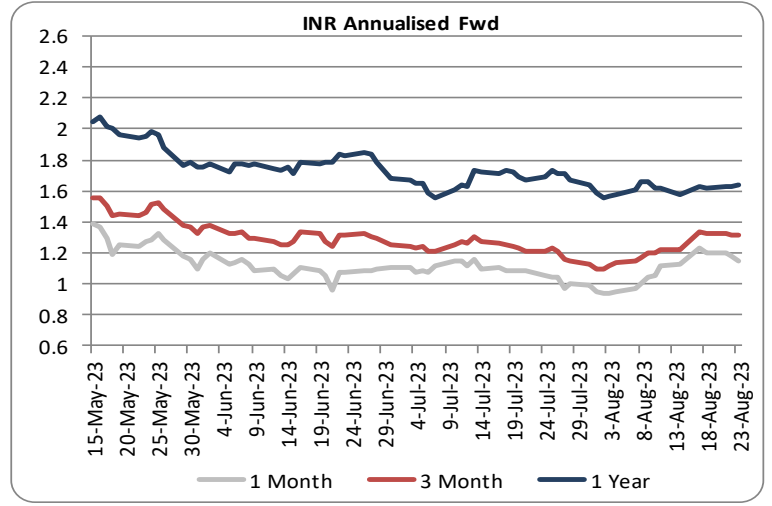
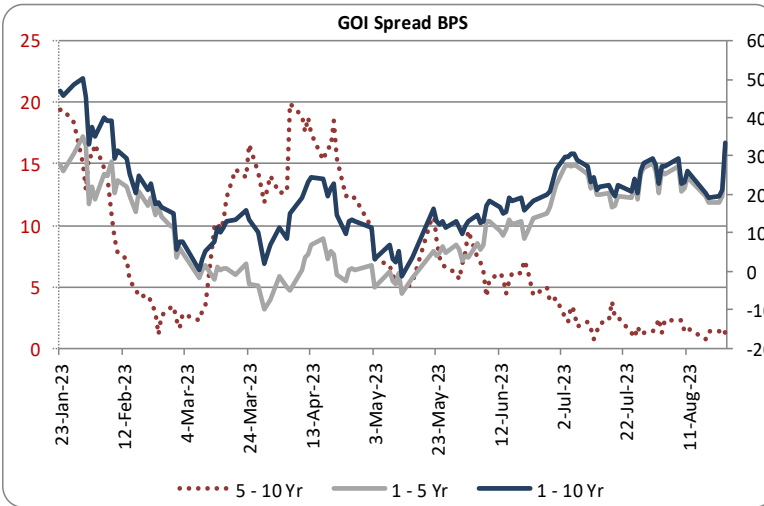
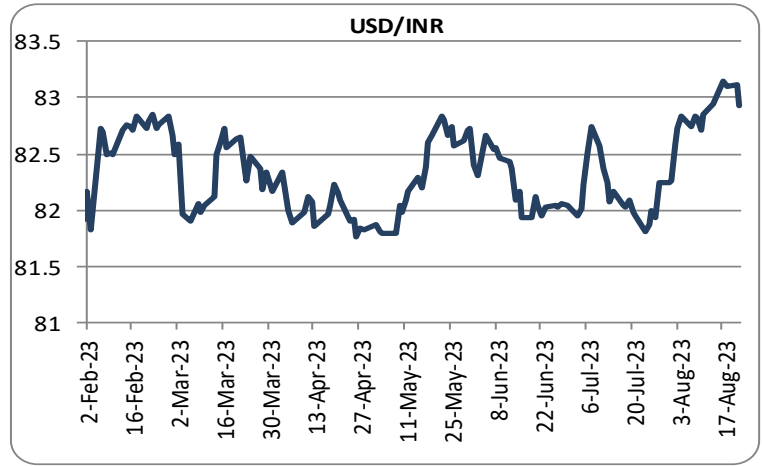
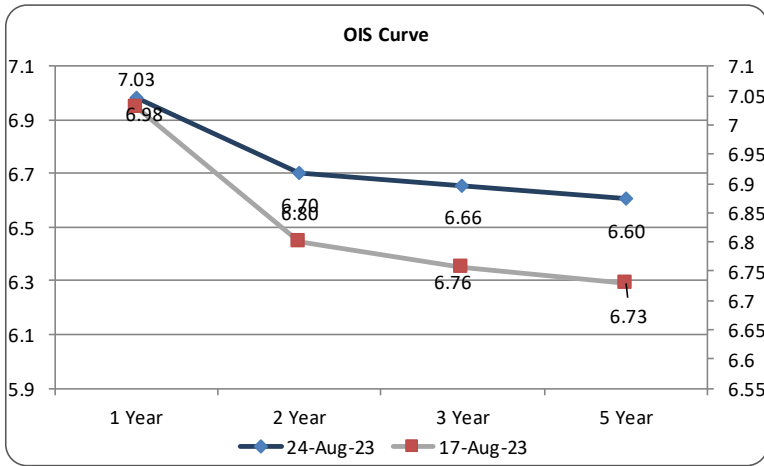
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
24-Aug-23	457	384	73

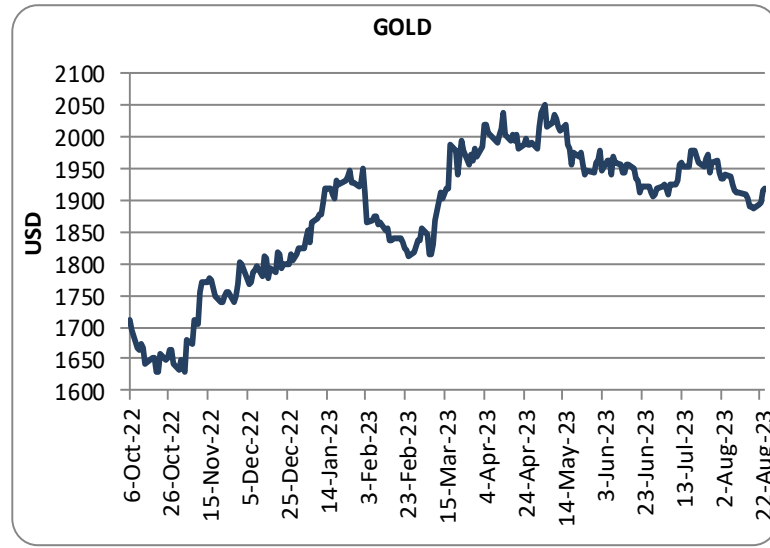
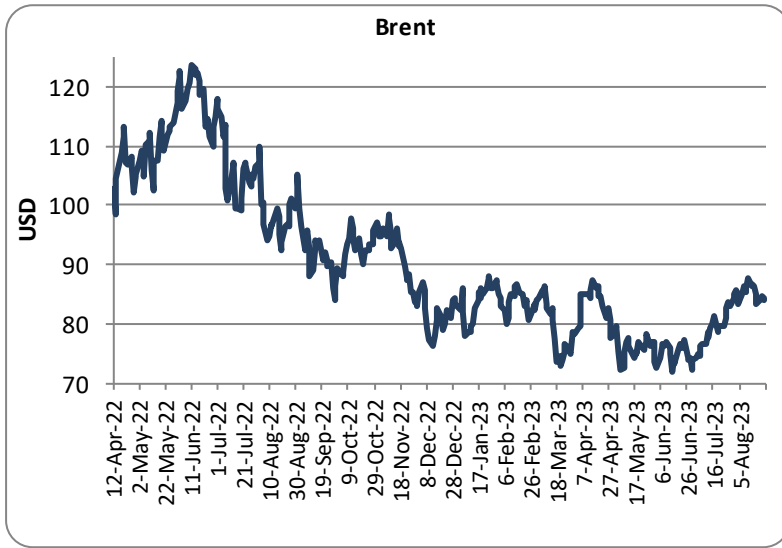
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	9543	8641	902

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	10000	9025	975

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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