



BONDWATCH

Daily

January 24, 2024

INDIA

Indian government bond yields ended largely flat after moving in a narrow range during the session on Wednesday, as traders awaited fresh triggers, including the sale of debt by the central government.

India's benchmark 10-year yield ended at 7.1835%, following its previous close at 7.1751%.

The Indian Government aims to raise 330 billion rupees (\$3.97 billion) through the sale of bonds on Thursday as Indian markets will be shut on Friday for a public holiday. The auction includes 160 billion rupees of the benchmark paper and will take the outstanding issuance to 1.85 trillion rupees.

This will be the last central government debt auction before the Union Budget announcement, due on Feb. 1, for the next financial year.

Traders will also continue to keep an eye on the evolving banking system liquidity situation after the deficit widened to 3.34 trillion rupees on Tuesday, and drove the ultra-short treasury bill yield to the highest level in five years.

Meanwhile, U.S. yields remain elevated, with the 10-year yield staying above the 4.10% mark on Wednesday, as strong economic data in recent days led to trimming of bets about the timing and pace of U.S. rate cuts in 2024.

Traders have lowered the odds of the first Federal Reserve rate cut to 53% by March from 65% on Jan. 16.

The Indian rupee strengthened 0.03% versus the U.S. dollar, and quoted at 83.13 per dollar, aided by a slight uptick in the offshore Chinese yuan and a pullback in the dollar index.

Repo: The weighted average call rates in the interbank segment decreased to 6.78% vs 6.79% as on the previous day while that the TREP segment remained the same at 6.75% vs 6.75% as on the previous day.

GOI Yield	24-Jan	23-Jan	17-Jan	27-Dec
1 Year	7.150	7.130	7.150	7.130
5 Year	7.061	7.063	7.044	7.100
10 Year	7.184	7.175	7.164	7.207

AAA Bmk	24-Jan	23-Jan	17-Jan	27-Dec
1 Year	7.90	7.90	7.90	7.82
5 Year	7.67	7.67	7.70	7.75
10 Year	7.70	7.70	7.70	7.70

CD	24-Jan	23-Jan	17-Jan	27-Dec
3 Month	7.80	7.75	7.60	7.45
6 Month	7.85	7.85	7.75	7.80
1 Year	7.90	7.90	7.90	7.90

CP	24-Jan	23-Jan	17-Jan	27-Dec
3 Month	7.90	7.85	7.75	7.70
6 Month	7.95	7.95	7.85	8.00
1 Year	8.00	8.00	8.00	8.05

OIS Rate	24-Jan	23-Jan	17-Jan	27-Dec
1 Year	6.62	6.62	6.62	6.64
2 Year	6.27	6.28	6.28	6.29
3 Year	6.22	6.23	6.23	6.24
5 Year	6.18	6.19	6.19	6.20

	24-Jan	23-Jan	17-Jan	27-Dec
Sensex	71,060	70,371	71,501	72,038
Nifty	21,454	21,239	21,572	21,655
USD/INR	83.12	83.15	83.14	83.35
Gold (USD)	2,032	2,029	2,006	2,077
Oil (USD)	79.38	79.55	77.88	79.65

NDF	24-Jan	23-Jan	17-Jan	27-Dec
3 Month	83.34	83.48	83.52	83.48
1 Year	84.68	84.70	84.77	84.77
2 Year	87.06	87.10	87.27	87.30
3 Year	90.11	90.00	90.17	90.20

Market Observations

G-sec

- T-bill cut off was 4 to 5 bps higher across all maturity from last week. Selling was seen above cut off level but very timid demand was noticed.
- Demand was seen in 8 year SDL @7.66 levels, major buyers were Nationalized banks and sellers were pension funds

Corporate Bonds

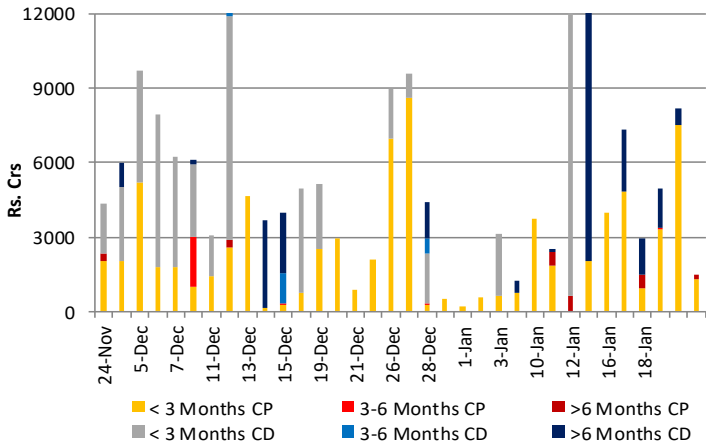
- Banks and Mutual funds were active in the MMY segment.
- Mutual funds were seen selling in the 2025-2028 segment.

CP/CD

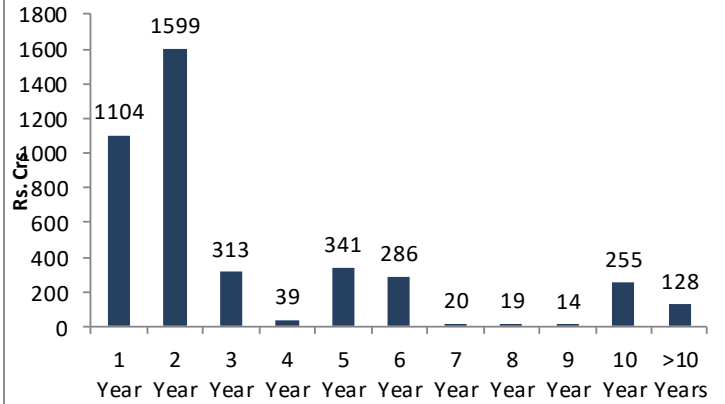
- Demand was seen in the shorter to 3-month segment.



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	24-Jan	23-Jan	17-Jan	27-Dec
India	7.18	7.17	7.16	7.21
US	4.11	4.14	4.10	3.79
South Korea	3.40	3.37	3.37	3.26
Russia	12.22	12.26	12.29	12.34
Brazil	10.75	10.75	10.72	10.28
Germany	2.33	2.35	2.27	1.90
China	2.51	2.51	2.51	2.59

Top Traded Securities	Volume	24-Jan	23-Jan	17-Jan	26-Dec
7.26 2033	130	7.21	7.20	7.19	7.22
7.06 2028	365	#N/A	7.28	7.28	7.36
7.62 2039	-	7.20	7.20	7.19	0.00
7.30 2053	675	7.36	7.36	7.37	7.41
6.64 2035	5	#N/A	7.26	7.25	7.27
7.40 2035	145	7.26	7.25	7.26	7.29

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
19-Jan-24	3041	3771	-730

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	5	15	-10

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	3046	3786	-740

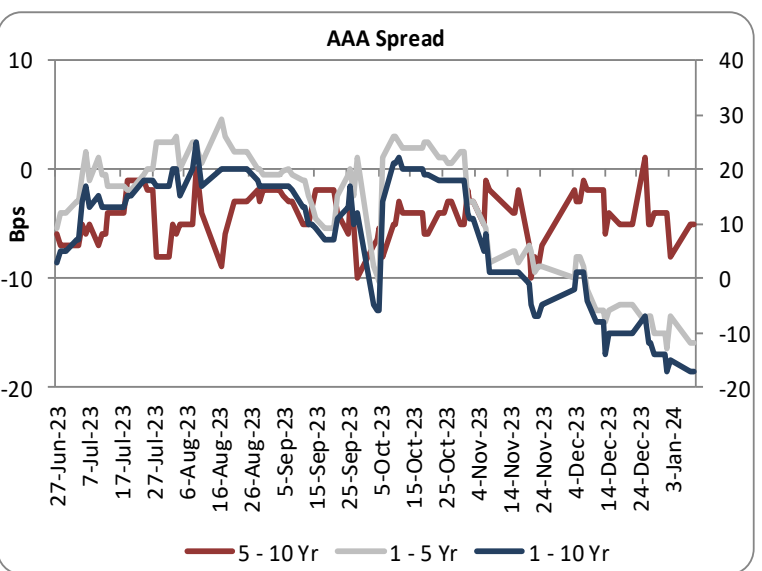
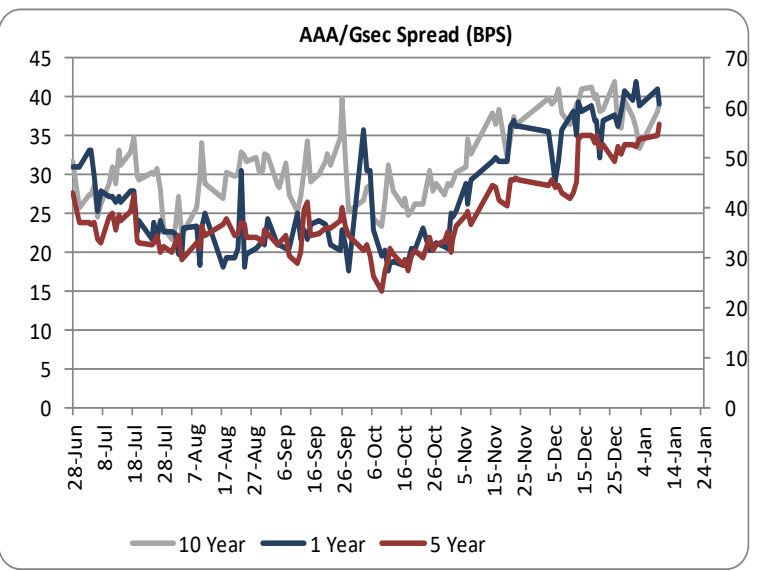
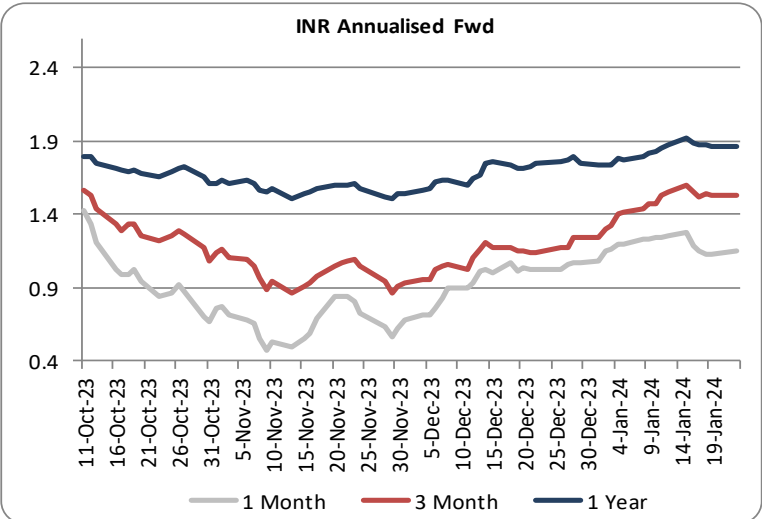
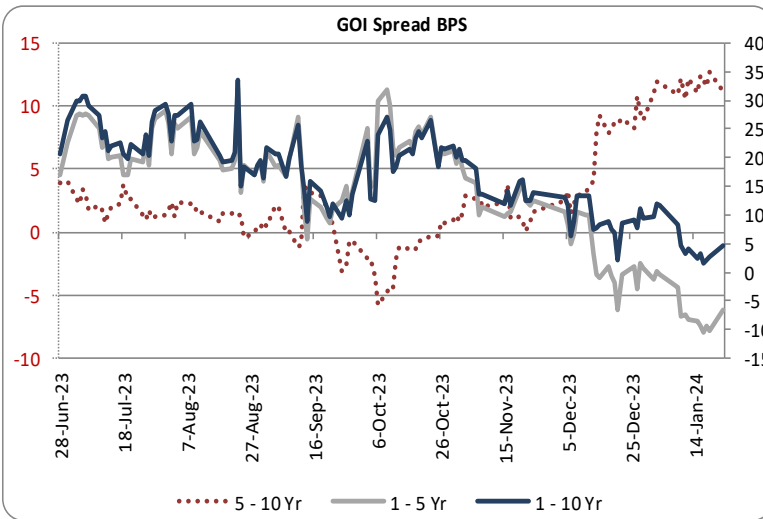
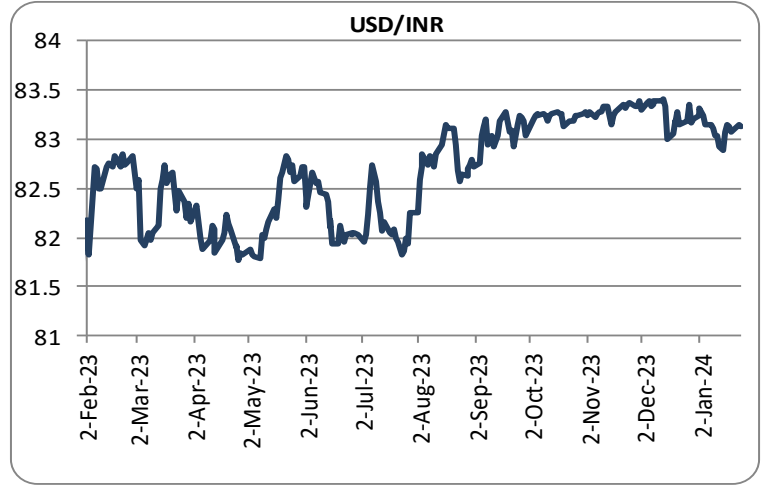
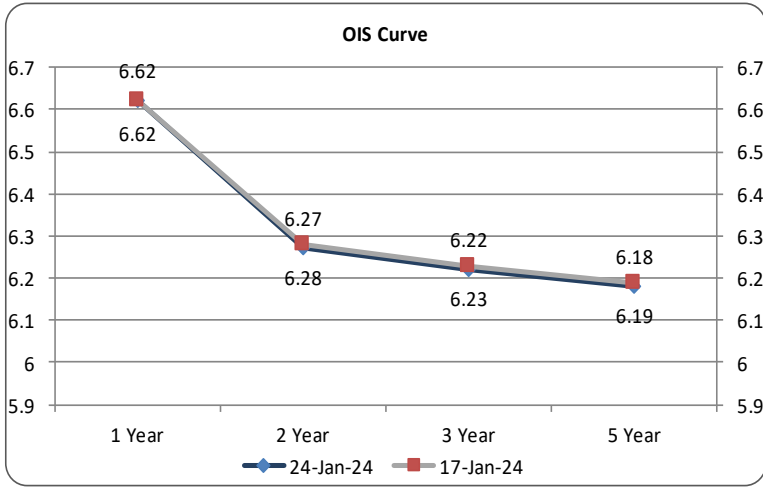
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
24-Jan-24	1595	847	749

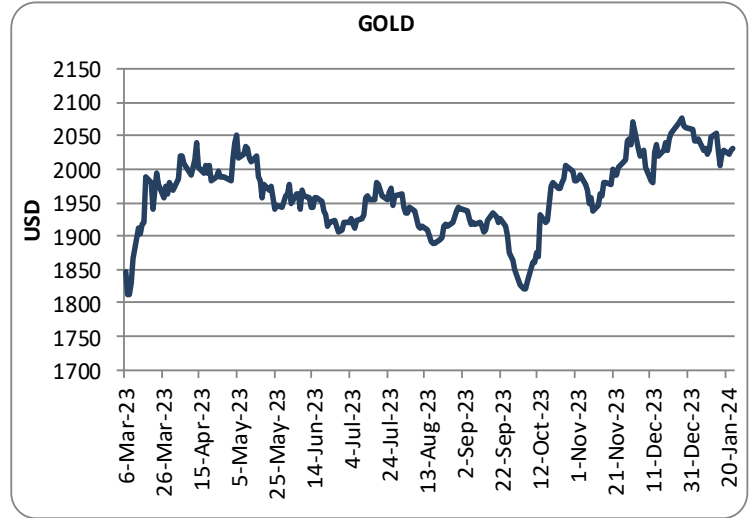
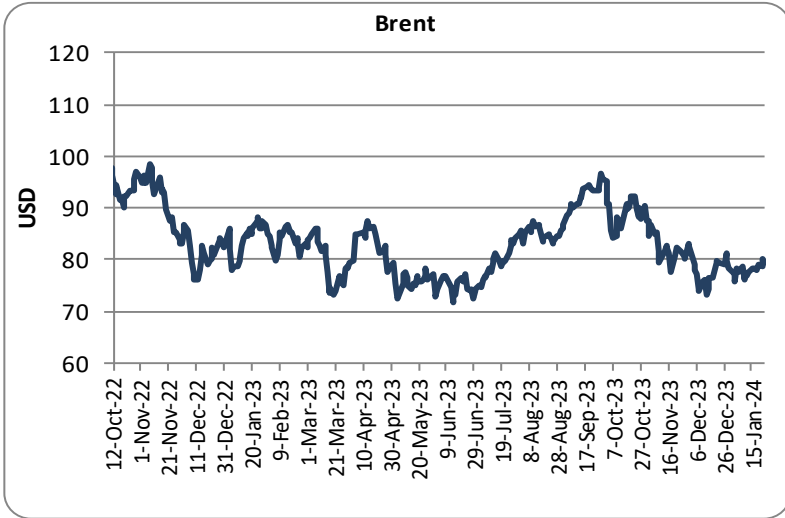
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	26681	29388	-2707

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	28276	30235	-1959

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 (%)	Dec-23	0.7	0.3
CPI (%)	Dec-23	5.7	5.6
IIP (%)	Nov-23	2.4	11.6
PMI Manufacturing	Dec-23	54.9	56
PMI Service	Dec-23	59	56.9

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	19-Jan-24	0	2.8
Retail Sales	UK	19-Jan-24	1.10	0.10
Industrial Output	Poland	22-Jan-24	(5.00)	(0.70)
BOJ Rate Decision	Japan	23-Jan-24	-	(0.10)
Q4 GDP Advance	USA	25-Jan-24	1.80	4.90
Q4 GDP YY	Euro Zone	30-Jan-24	-	-
Retail Sales	Japan	31-Jan-24	-	5.30
CPI	Australia	31-Jan-24	-	5.40





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

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