



BONDWATCH

Daily

July 24, 2023

INDIA

Indian government bond yields ended little changed on Monday as market participants awaited the outcome of the U.S. Federal Reserve's monetary policy meeting for further cues.

The benchmark 7.26% 2033 bond yield ended at 7.0719%, after closing the previous session at 7.0784%.

The U.S. central bank has raised its rates by 500 bps since March 2022 taking the Fed funds to 5%-5.25%. The odds of a 25 bps hike are now around 96% but that of another increase after that has come down.

Hawkish commentary from the Fed will push the benchmark yield towards 7.10%-level, but if there's any comfort on a rate hike pause then levels may fall towards the 7% level.

Post the Fed, investors will look out for the Reserve Bank of India's (RBI) policy in August for commentary on inflation.

The recent rise in inflation has prompted Indian investors to push back rate cut expectations by at least a quarter to the middle of 2024, with a sustained rise in prices likely triggering further repricing. The RBI paused rate hikes in the last two meetings, indicating it would wait for inflation to align with its medium-term target of 4% before cutting.

Oil prices rose on Monday as tightening supply and hopes for Chinese stimulus underpinned Brent at well above \$80 a barrel.

The Indian rupee strengthened 0.16% versus the U.S. dollar, and quoted at 81.81 per dollar, helped by likely corporate dollar inflows, with traders now focusing on key central bank meetings later this week for further direction.

Repo: The weighted average call rates in the interbank segment decreased to 6.60% vs 6.61% as on the previous day while that the TREP segment increased to 6.55% vs 6.51% as on the previous day.

GOI Yield	24-Jul	20-Jul	17-Jul	23-Jun
1 Year	6.865	6.860	6.850	6.890
5 Year	7.059	7.057	7.053	7.029
10 Year	7.072	7.083	7.076	7.073

AAA Bmk	24-Jul	20-Jul	17-Jul	23-Jun
1 Year	7.32	7.35	7.40	7.47
5 Year	7.51	7.51	7.57	7.56
10 Year	7.50	7.50	7.53	7.50

CD	24-Jul	20-Jul	17-Jul	23-Jun
3 Month	6.95	6.95	6.95	6.90
6 Month	7.18	7.18	7.20	7.12
1 Year	7.45	7.45	7.50	7.45

CP	24-Jul	20-Jul	17-Jul	23-Jun
3 Month	7.10	7.10	7.10	7.00
6 Month	7.28	7.28	7.30	7.25
1 Year	7.60	7.60	7.60	7.52

OIS Rate	24-Jul	20-Jul	17-Jul	23-Jun
1 Year	6.79	6.78	6.76	6.70
2 Year	6.49	6.47	6.43	6.41
3 Year	6.36	6.37	6.32	6.32
5 Year	6.30	6.29	6.26	6.27

	24-Jul	20-Jul	17-Jul	23-Jun
Sensex	66,385	67,572	66,590	62,979
Nifty	19,672	19,979	19,711	18,666
USD/INR	81.82	81.99	82.04	82.04
Gold (USD)	1,966	1,970	1,955	1,921
Oil (USD)	81.50	79.64	78.50	73.85

NDF	24-Jul	20-Jul	17-Jul	23-Jun
3 Month	82.07	82.31	82.30	82.19
1 Year	83.10	83.48	83.40	83.37
2 Year	85.39	85.56	85.48	85.43
3 Year	88.09	88.21	88.13	88.08

Market Observations

G-sec

- Demand was seen in 20 and 40-year G-sec by pension funds @7.2150 and 7.2850 levels respectively.

- Demand was seen in 1 and 2-month t-bill by banks

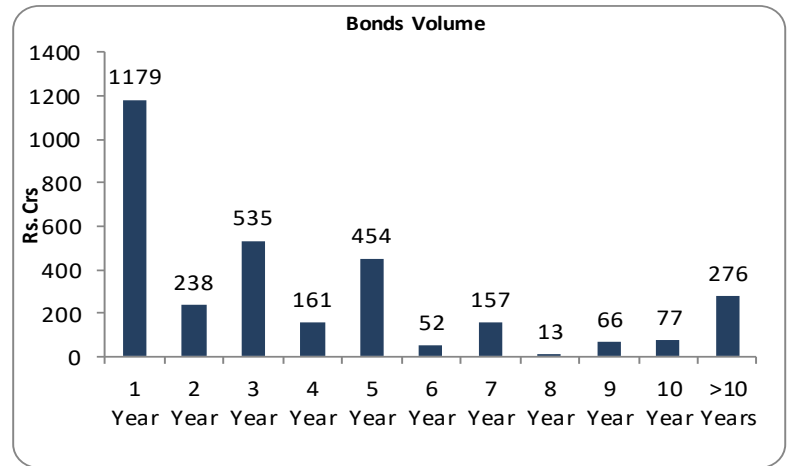
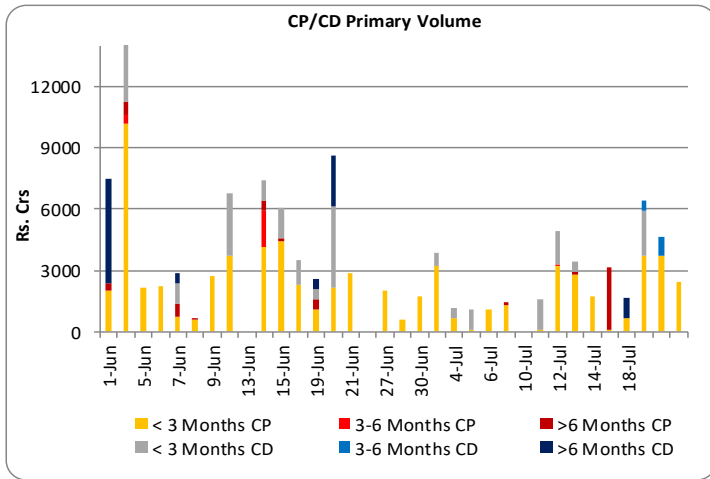
Corporate Bonds

- 2025-2028 was most active with mutual funds being net buyers.

- Insurance companies were active in the longer segment.

CP/CD

- Mutual funds were buying in the shorter to 1-month segment and selling in the 3-month segment.



10 Year Benchmarks	24-Jul	20-Jul	17-Jul	23-Jun
India	7.07	7.08	7.07	7.07
US	3.80	3.85	3.80	3.74
South Korea	3.64	3.60	3.66	3.66
Russia	11.45	11.46	11.45	11.02
Brazil	10.95	10.92	10.76	10.98
Germany	2.38	2.45	2.45	2.36
China	2.65	2.66	2.68	2.71

Top Traded Securities	Volume	24-Jul	20-Jul	17-Jul	23-Jun
5.74 2026	235	#N/A	7.05	7.04	#N/A
7.38 2027	15	7.06	7.06	7.05	7.03
7.10 2029	25	7.09	7.09	7.08	7.07
6.54 2032	-	7.12	7.13	7.12	7.12
7.26 2032	#VALUE!	7.11	7.12	7.11	7.11
7.54 2036	-	7.18	7.19	7.18	7.19

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
13-Jul-23	3129	3066	63

EQUITY	Gross Purchase	Gross Sales	Net Investment
	2563	2128	435

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5691	5193	498

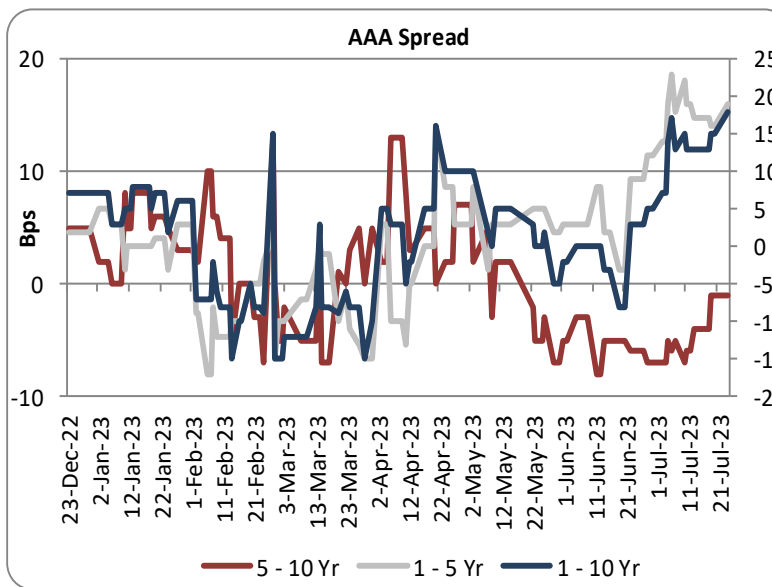
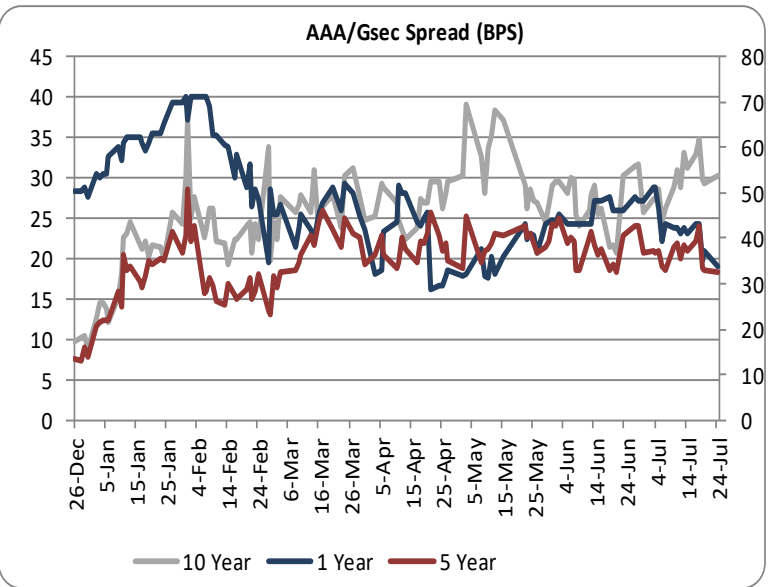
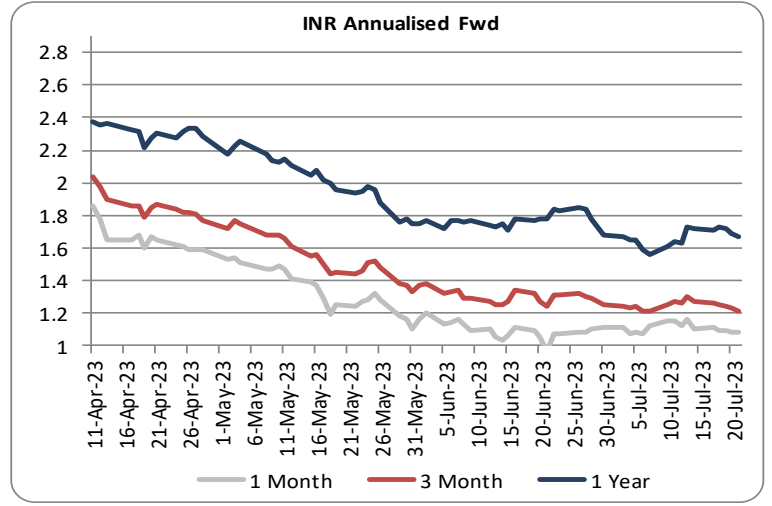
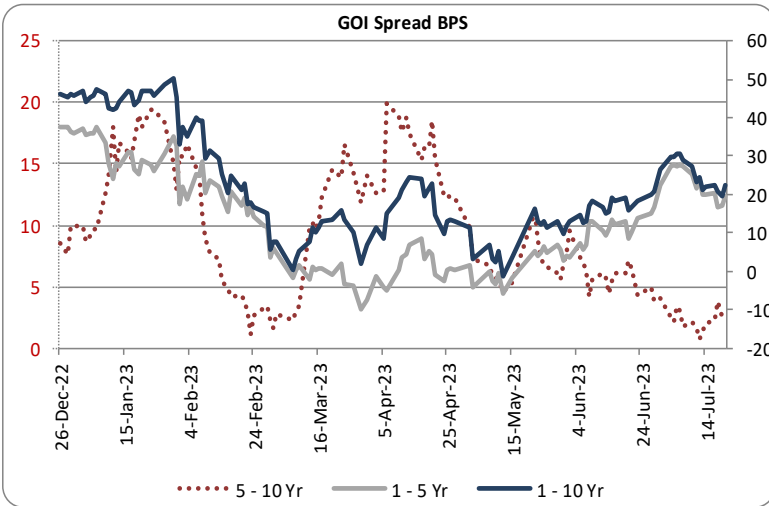
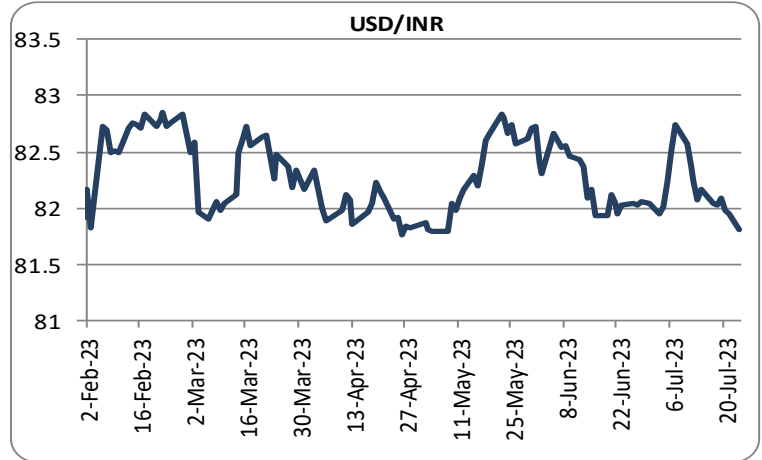
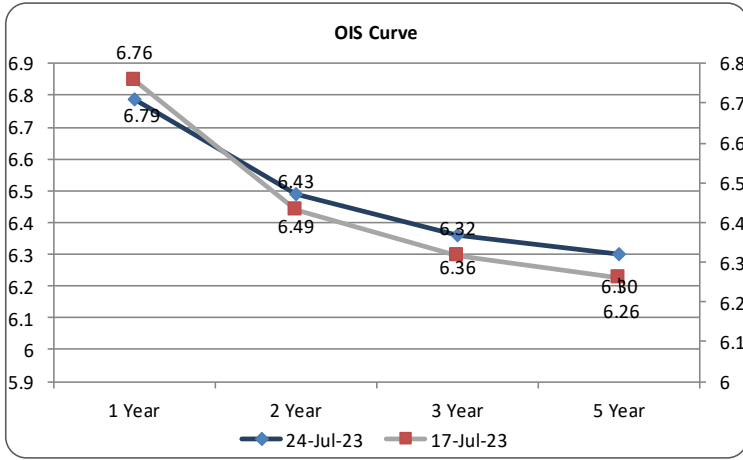
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
24-Jul-23	1590	1365	225

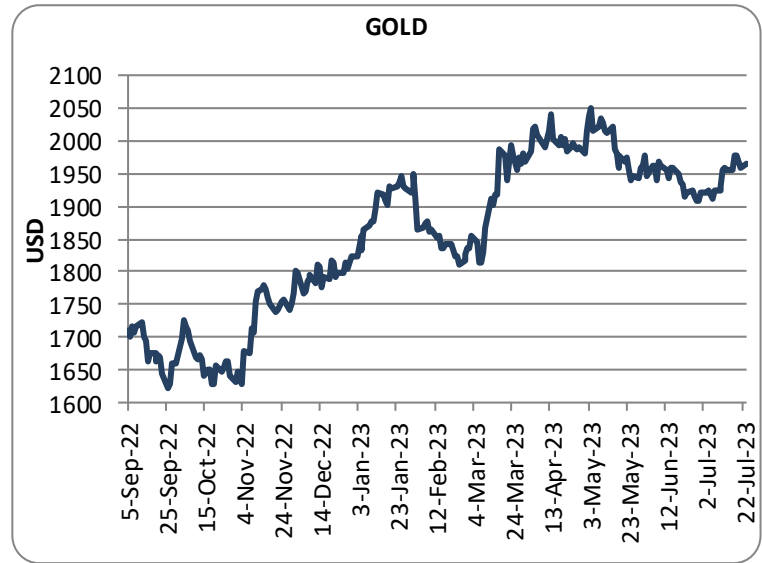
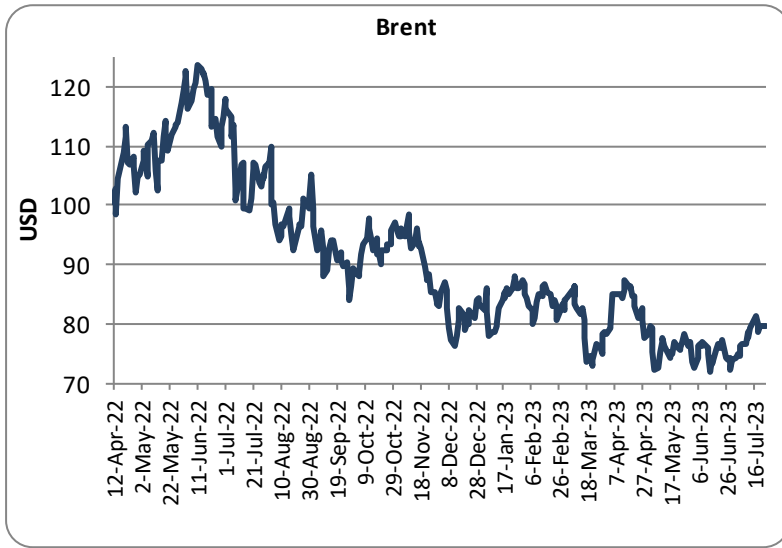
EQUITY	Gross Purchase	Gross Sales	Net Investment
	10400	11805	-1405

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
11990	13170	-1180

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 (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
CPI	Australia	26-Jul-23	0	7
Fed Funds Rate	USA	26-Jul-23	5.25-5.5	5-5.25
GDP Q2	USA	27-Jul-23	1.80	2.00
Industrial Output	Japan	28-Jul-23	-	(7.30)
CPI	Germany	28-Jul-23	-	6.40
GDP Q2	Germany	31-Jul-23	-	(0.20)
CPI	Poland	31-Jul-23	-	11.50
GDP Q2	Euro Zone	31-Jul-23	-	1.00





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

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