



BONDWATCH

Daily

May 25, 2023

INDIA

Indian government bond yields ended marginally higher on Thursday, pushing the benchmark yield above the 7% handle, as U.S. Treasury yields continued their upward trajectory.

Bond yields also rose, as traders cut positions before a fresh supply of debt through the weekly auction on Friday. 310 billion rupees are to be raised through the sale of securities, which includes the liquid 14-year bond.

The 10-year benchmark 7.26% 2033 bond yield ended at 7.0068% after closing at 6.9920% in the previous session.

The spread between the Indian and U.S. 10-year bond yields dropped to its lowest level in nearly 14 years, but it cannot remain this low for too long and could reverse over the coming weeks. The spread has shrunk to around 325 basis points (bps), levels last seen in August 2009.

U.S. yields rose as debt ceiling talks continued, with the 10-year U.S. yield extending its rise to 3.75%, a 35-bps move, over the last two weeks. The two-year yield, a closer indicator of interest rate expectations, jumped 50 bps during the same period and was at 4.42%.

The minutes of the Federal Reserve's May meeting showed policymakers agreed on the case for further interest-rate tightening. This has pushed the odds of another 25-bps hike on June 14 to 35%, up from 28.1% on Tuesday and nearly 5% at the beginning of this month.

The Indian rupee weakened 0.09% versus the U.S. dollar, and quoted at 82.74 per dollar, pressured by higher U.S. yields, while likely dollar inflows limited the domestic currency's fall.

Repo: The weighted average call rates in the interbank segment remained the same at 6.36% vs 6.36% as on the previous day while that the TREP segment decreased to 6.28% vs 6.30% as on the previous day.

Market Observations

G-sec

- Demand was seen in 9 and 10-year SDLs by banks and PDs @7.32 levels.
- Switches were reported in 2025 and 2026 maturity SDLs between foreign bank, PDs and private banks.
- Demand was seen in 3M t-bill by Mutual Funds @6.74 levels.

Corporate Bonds

- Insurance companies were seen buying longer segment papers.
- Private banks were active in the 2025-2026 segment.
- PSU papers were traded between Mutual Funds and Banks.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	25-May	24-May	15-May	25-Apr
1 Year	6.875	6.870	6.970	7.000
5 Year	6.940	6.919	6.953	7.004
10 Year	7.007	6.992	7.006	7.130

AAA Bmk	25-May	24-May	15-May	25-Apr
1 Year	0.00	7.40	7.45	7.42
5 Year	0.00	7.45	7.48	7.50
10 Year	0.00	7.40	7.50	7.52

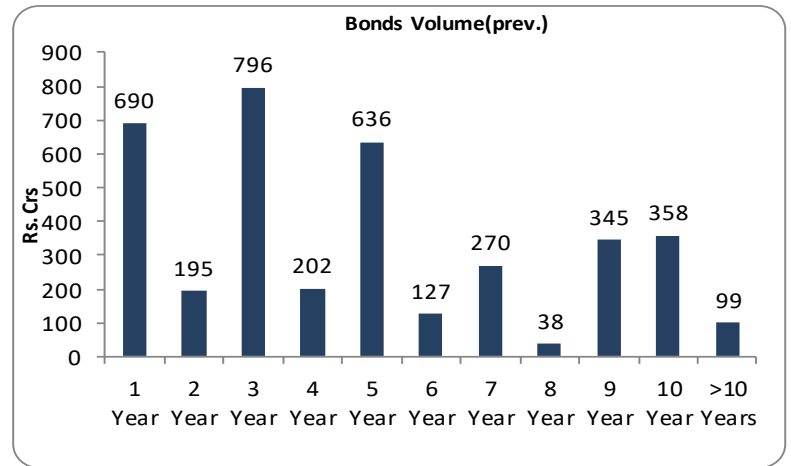
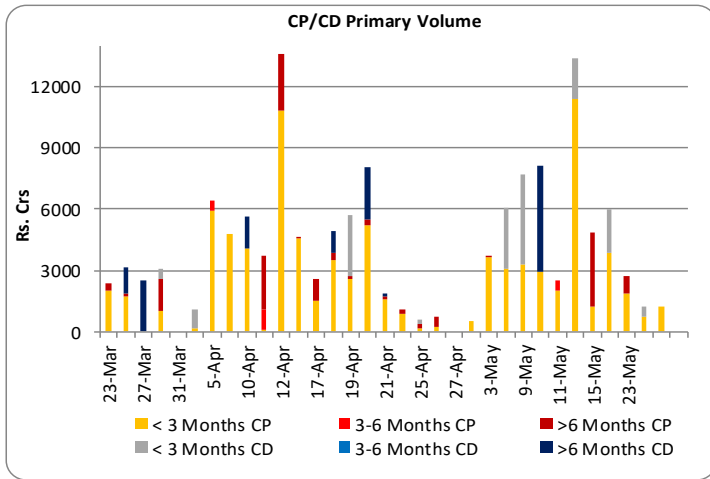
CD	25-May	24-May	15-May	25-Apr
3 Month	6.90	6.90	7.15	7.10
6 Month	7.25	7.25	7.35	7.30
1 Year	7.45	7.45	7.50	7.45

CP	25-May	24-May	15-May	25-Apr
3 Month	7.00	7.00	7.25	7.18
6 Month	7.35	7.35	7.45	7.40
1 Year	7.55	7.55	7.60	7.55

OIS Rate	25-May	24-May	15-May	25-Apr
1 Year	6.56	6.56	6.58	6.56
2 Year	6.23	6.21	6.21	6.16
3 Year	6.12	6.11	6.06	6.02
5 Year	6.07	6.06	6.02	6.02

	25-May	24-May	15-May	25-Apr
Sensex	61,873	61,774	62,346	60,131
Nifty	18,321	18,285	18,399	17,769
USD/INR	82.74	82.66	82.30	81.91
Gold (USD)	1,961	1,957	2,021	1,998
Oil (USD)	76.98	78.36	75.23	80.77

NDF	25-May	24-May	15-May	25-Apr
3 Month	83.07	83.01	82.58	82.38
1 Year	84.27	84.31	83.99	83.84
2 Year	86.57	86.54	86.34	85.98
3 Year	89.39	89.39	89.24	88.95



10 Year Benchmarks	25-May	24-May	15-May	25-Apr
India	7.01	6.99	7.00	7.11
US	3.76	3.72	3.51	3.40
South Korea	3.60	3.50	3.33	3.32
Russia	10.71	10.71	10.68	10.58
Brazil	11.75	11.61	11.93	12.44
Germany	2.48	2.45	2.31	2.38
China	2.72	2.71	2.73	2.82

Top Traded Securities	Volume	25-May	24-May	15-May	25-Apr
5.74 2026	-	#N/A	6.89	6.92	6.96
7.38 2027	30	6.95	6.92	6.95	7.00
7.10 2029	-	6.99	6.97	7.01	7.07
6.54 2032	-	7.05	7.05	7.07	7.18
7.26 2032	#VALUE!	7.05	7.03	7.06	7.16
7.54 2036	55	7.11	7.08	7.10	7.24

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
22-May-23	245	76	169

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	1716	322	1394

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	1961	398	1563

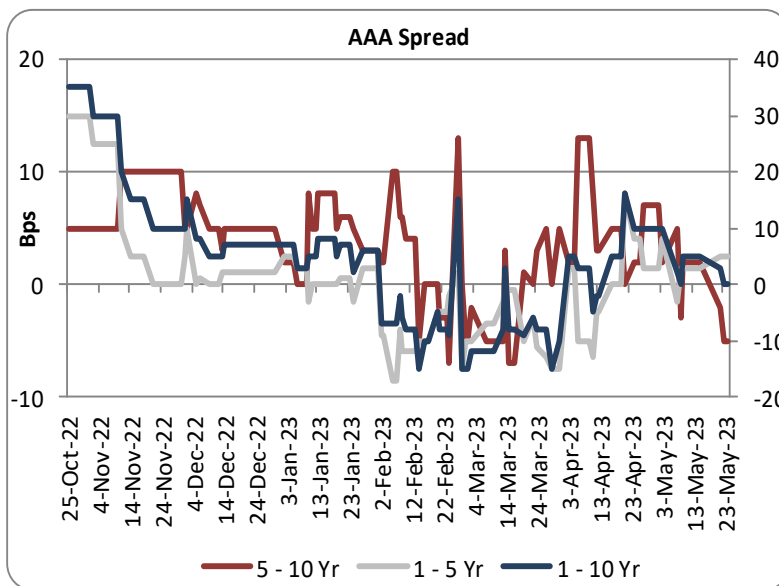
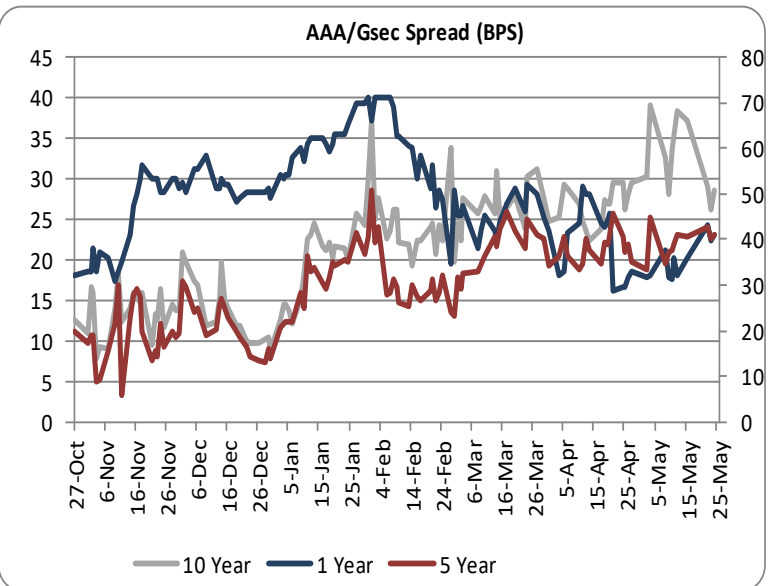
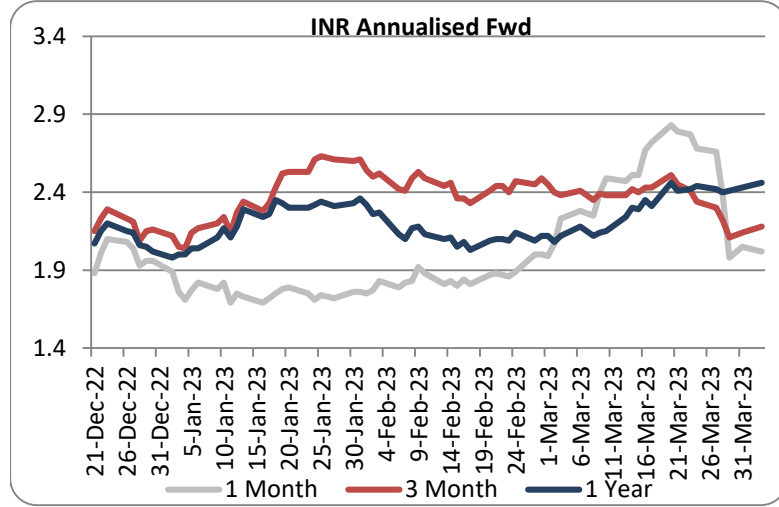
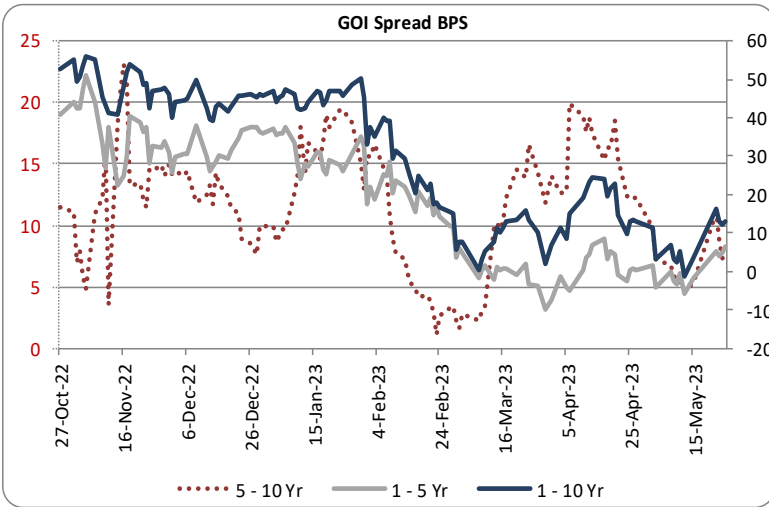
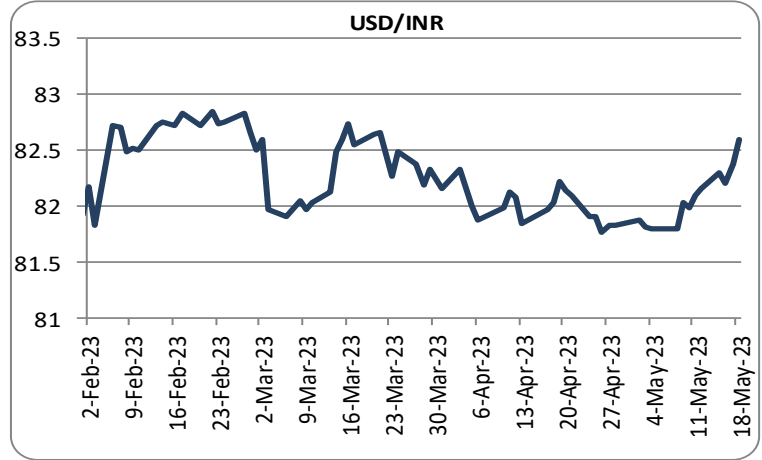
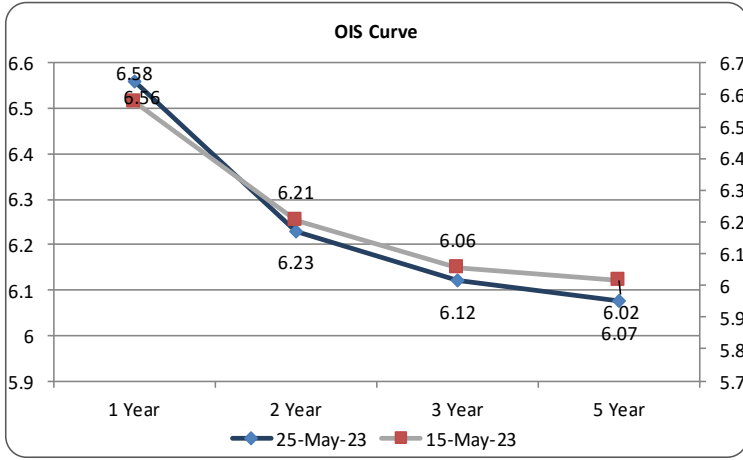
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
25-May-23	490	204	285

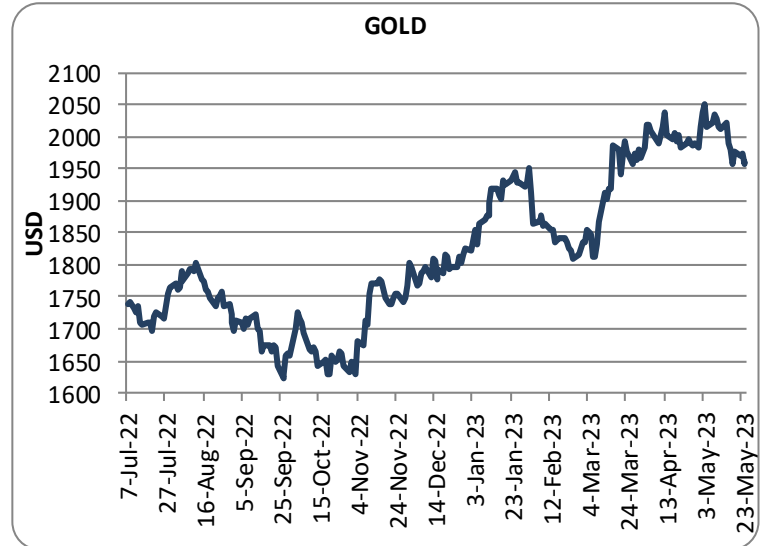
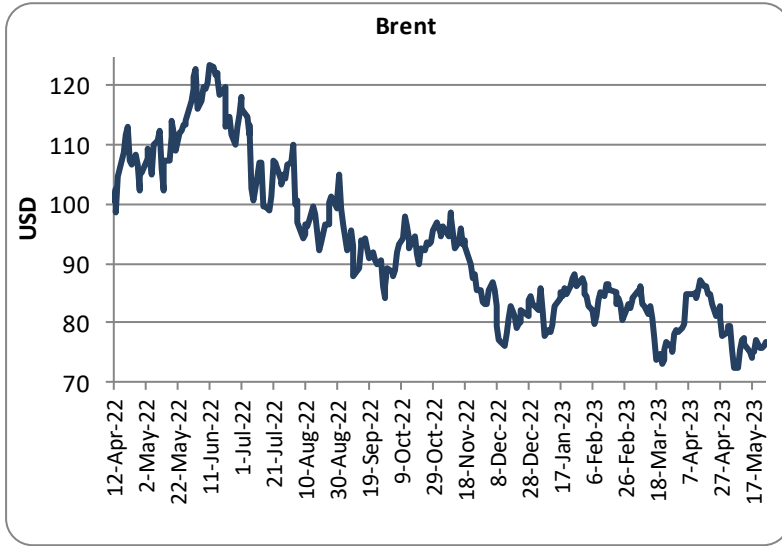
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	8466	6968	1498

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	8956	7173	1783

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Apr-23	-0.9	1.3
CPI (%)	Apr-23	4.7	5.7
IIP (%)	Mar-23	1.1	5.6
PMI Manufacturing	Apr-23	57.2	56.4
PMI Service	Apr-23	62	57.8

Economic Calender	Country	Date	Poll	Prior
#REF!	#REF!	#REF!	#REF!	#REF!
GDP YY	Switzerland	30-May-23	-	0.80
CPI	Germany	31-May-23	-	7.20
Industrial Output	Russia	31-May-23	5.30	1.20
GDP YY	Brazil	02-Jun-23	-	1.90
Retail Sales	Euro Zone	06-Jun-23	-	(3.80)
GDP YY	South Africa	06-Jun-23	-	0.90
Unemployment Rate	Japan	30-May-23	-	2.80





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

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