



# BONDWATCH

Daily

September 25, 2023

INDIA

Indian government bond yields reversed an early fall to end flat on Monday as the initial enthusiasm around the inclusion of domestic bonds in JPMorgan's index waned, with the focus shifting to upcoming debt supply and elevated U.S. yields.

The 10-year 7.18% 2033 bond yield ended at 7.1541%, compared to Friday's close of 7.1570%.

However, elevated U.S. yields following hawkish Federal Reserve rate guidance capped the decline in domestic yields. The 10-year U.S. yield has risen in the last six consecutive sessions and was hovering around over 16-year high of 4.50%.

The inclusion of sovereign debt in JPMorgan's index will start on June 28, 2024, and will extend over 10 months with 1% increments on its index weighting. Market participants said that the move will likely bring in \$20 billion to \$22 billions of index-related inflows while also crowding in additional funds.

The FTSE Russell, which has India on its watchlist for inclusion in the FTSE Emerging Markets Government Bond Index, will announce a decision on Sept. 28.

Traders will closely track upcoming bond auctions this week to gauge the demand-supply dynamics in a holiday-shortened week. The market also awaits the second-half borrowing calendar, which will be due by the end of this week.

The Indian rupee weakened 0.26% versus the U.S. dollar, and quoted at 83.1450 per dollar amid elevated U.S. Treasury yields and higher crude prices.

Repo: The weighted average call rates in the interbank segment decreased to 6.75% vs 6.77% as on the previous day while that the TREP segment remained the same at 6.76% vs 6.76% as on the previous day.

## Market Observations

### G-sec

- Demand was seen in 2025 SDL by Mutual Funds and Banks @7.37 levels. Corporates were the major sellers.
- Selling was seen in old 7-year paper by foreign banks and life insurance companies with major buyers being corporates.
- Demand was seen by Mutual funds in march t-bill @7.00 centric levels.

### Corporate Bonds

- Mutual funds and banks were active in the 2025-2026 segment.

### CP/CD

- Activity was seen throughout all segments.

GOI Yield	25-Sep	22-Sep	18-Sep	28-Aug
1 Year	7.060	7.070	7.050	7.010
5 Year	7.186	7.182	7.163	7.180
10 Year	7.154	7.188	7.191	7.180

AAA Bmk	25-Sep	22-Sep	18-Sep	28-Aug
1 Year	7.50	7.52	7.55	7.45
5 Year	7.69	7.67	7.64	7.65
10 Year	7.63	7.63	7.62	7.63

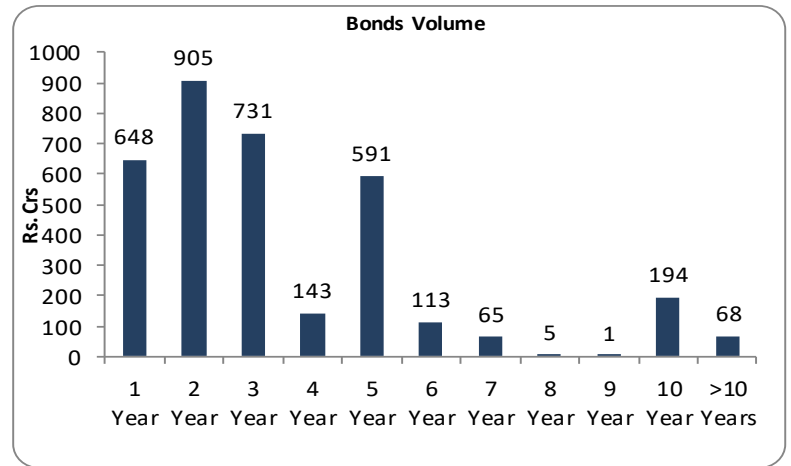
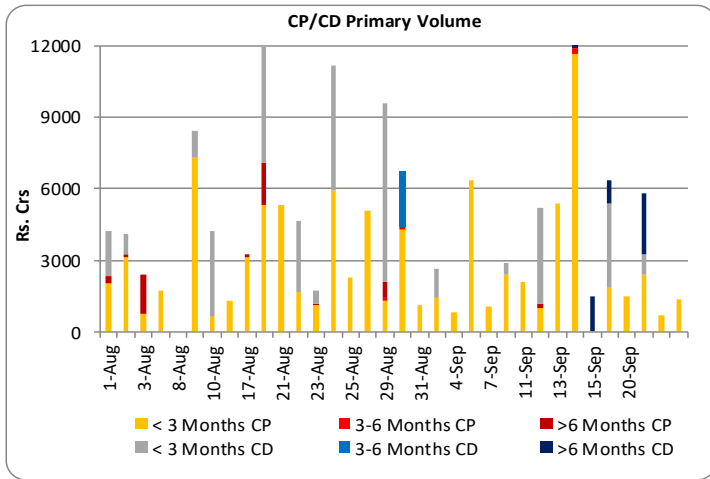
CD	25-Sep	22-Sep	18-Sep	28-Aug
3 Month	7.00	7.03	7.10	7.05
6 Month	7.30	7.25	7.25	7.25
1 Year	7.55	7.50	7.55	7.50

CP	25-Sep	22-Sep	18-Sep	28-Aug
3 Month	7.10	7.13	7.20	7.10
6 Month	7.40	7.35	7.35	7.35
1 Year	7.65	7.65	7.65	7.60

OIS Rate	25-Sep	22-Sep	18-Sep	28-Aug
1 Year	7.09	7.08	7.08	6.99
2 Year	6.84	6.81	6.85	6.69
3 Year	6.82	6.77	6.81	6.64
5 Year	6.76	6.73	6.78	6.59

	25-Sep	22-Sep	18-Sep	28-Aug
Sensex	66,024	66,009	67,597	64,997
Nifty	19,675	19,674	20,133	19,306
USD/INR	83.15	82.93	83.27	82.63
Gold (USD)	1,924	1,925	1,933	1,920
Oil (USD)	93.47	93.27	94.43	84.42

NDF	25-Sep	22-Sep	18-Sep	28-Aug
3 Month	83.45	83.44	83.54	82.98
1 Year	84.57	84.59	84.69	84.10
2 Year	86.84	86.64	86.91	86.10
3 Year	89.42	89.44	89.71	88.75



10 Year Benchmarks	25-Sep	22-Sep	18-Sep	28-Aug
India	7.15	7.15	7.15	7.18
US	4.49	4.44	4.32	4.21
South Korea	4.01	4.02	3.98	3.87
Russia	12.62	12.65	12.37	11.99
Brazil	11.41	11.41	11.28	11.10
Germany	2.80	2.74	2.72	2.57
China	2.72	2.69	2.68	2.60

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	11,260	7.20	7.17	7.18	7.15
7.06 2028	3,145	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	1,155	7.35	7.33	7.33	7.36
6.64 2035	435	7.17	7.16	7.22	7.24
7.40 2035	10	7.20	7.18	7.24	7.23

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
21-Sep-23	5992	4574	1419

EQUITY		
Gross Purchase	Gross Sales	Net Investment
11379	13677	-2299

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
17371	18251	-880

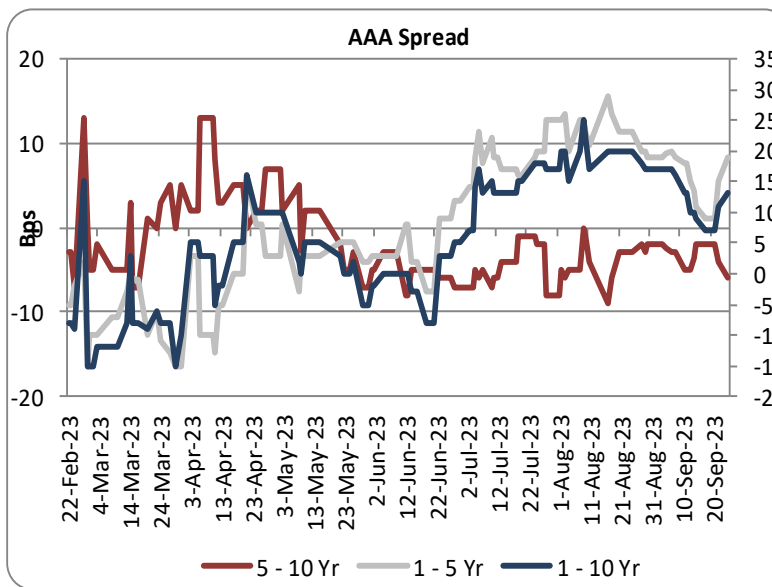
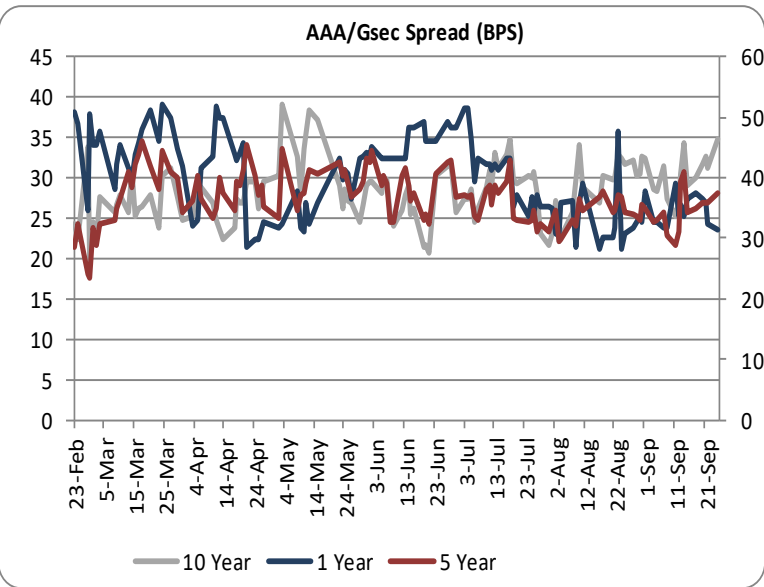
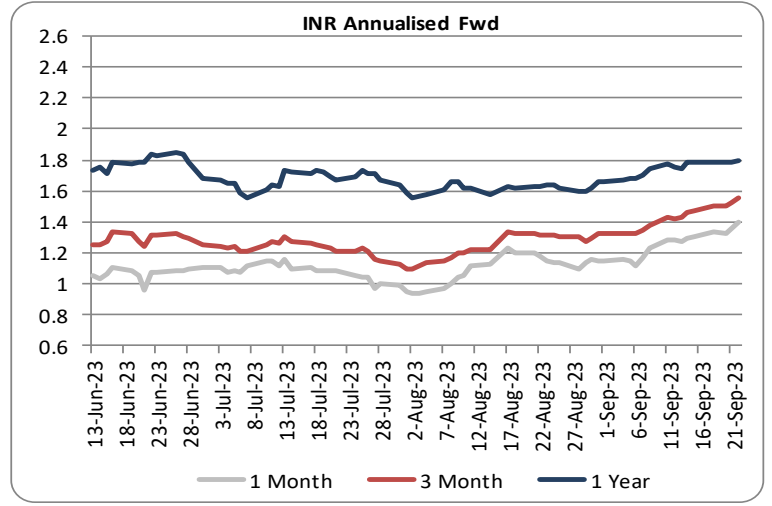
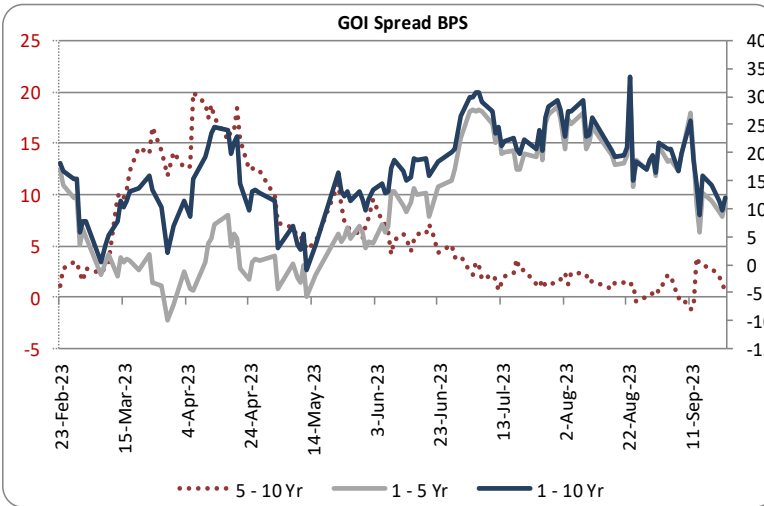
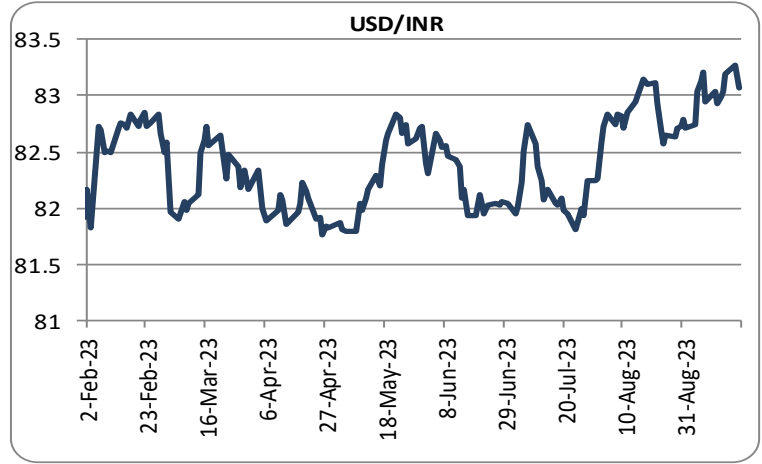
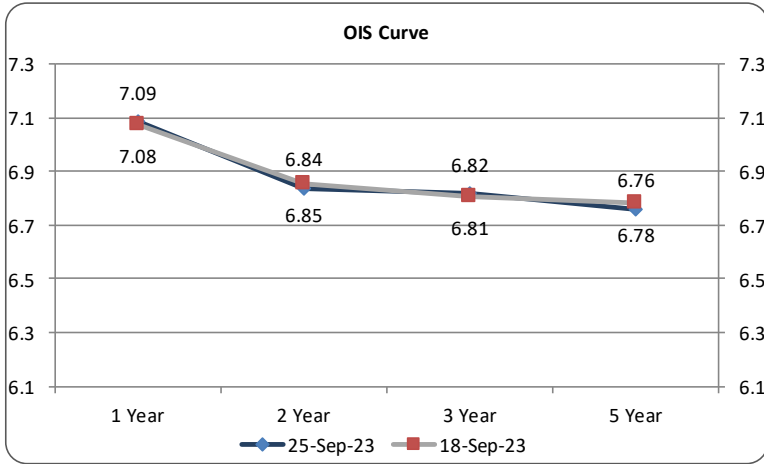
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
25-Sep-23	1394	1027	367

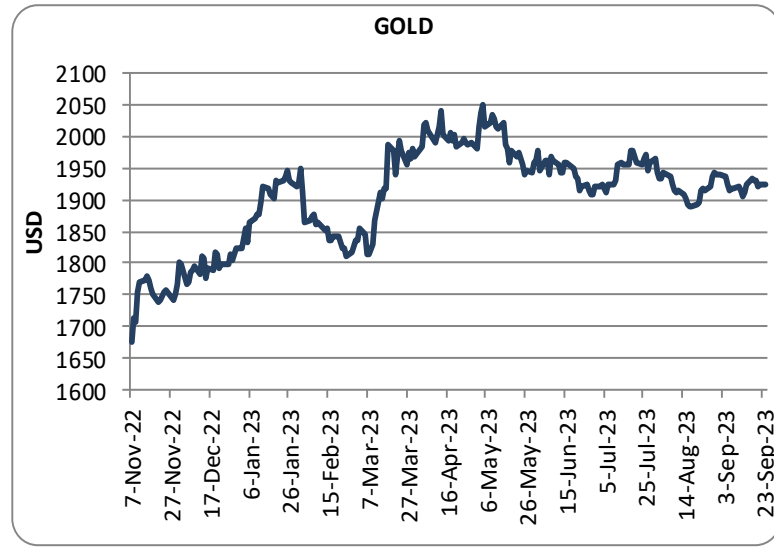
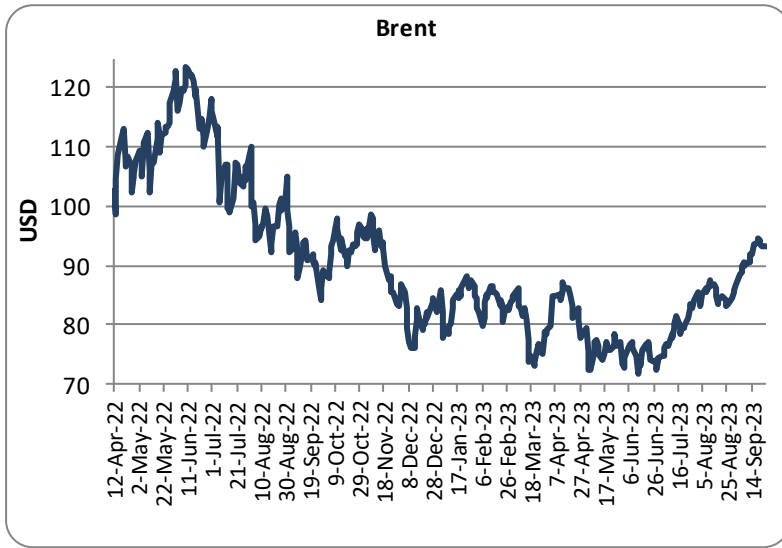
EQUITY		
Gross Purchase	Gross Sales	Net Investment
10990	12156	-1165

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
12384	13182	-798

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Aug-23	-0.5	-1.4
CPI (%)	Aug-23	6.8	7.4
IIP (%)	Jul-23	5.7	3.7
PMI Manufacturing	Aug-23	58.6	57.7
PMI Service	Aug-23	60.1	62.3

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	22-Sep-23	0	3.3
Retail Sales	UK	22-Sep-23	(1.20)	(3.20)
BOJ Rate Decision	Japan	22-Sep-23	(0.10)	(0.10)
CPI	Germany	28-Sep-23	-	6.10
Unemployment Rate	Japan	29-Sep-23	-	2.70
Unemployment Rate	Euro Zone	02-Oct-23	-	6.40
Inflation	Indonesia	2nd - 6th Oct	-	3.27
Unemployment rate	Canada	2rd - 9th Oct	-	5.50





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

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