



# BONDWATCH

Daily

July 26, 2023

INDIA

Indian government bond yields ended steady on Wednesday ahead of the U.S. Federal Reserve's policy decision due later in the day, for cues on the future rate trajectory.

The benchmark 7.26% 2033 bond yield ended at 7.0965% after closing the previous session at 7.1030%, its highest since July 12.

The benchmark yield may hit 7.15% if the Fed does not indicate a pause after an expected 25-basis points hike in July policy. However, if the Fed signals the end of its rate hike cycle, the benchmark yield could fall to 7%.

U.S. Treasury yields climbed through the day as reduced chances of a recession raised the possibility of two more interest rate hikes this year. The Fed has raised its rates by 500 bps since March 2022, taking the Fed funds to 5%-5.25%.

The chances of another rate hike in November have grown to about 34% from 26% a week ago

More rate hikes would not lead the Reserve Bank of India (RBI) to hike rates, but a hawkish U.S. central bank would only push back rate cuts in India to June next year from April, which was expected earlier.

The RBI has held rates at 6.50% in its last two meetings, indicating it would wait for inflation to align with its medium-term target of 4% before cutting rates. The central bank's next policy meeting is in August.

The Indian rupee weakened 0.15% versus the U.S. dollar, and quoted at 81.9950 per dollar on possible dollar demand from investors.

Repo: The weighted average call rates in the interbank segment decreased to 6.44% vs 6.59% as on the previous day while that the TREP segment increased to 6.32% vs 6.47% as on the previous day.

GOI Yield	26-Jul	25-Jul	19-Jul	27-Jun
1 Year	6.893	6.863	6.880	6.860
5 Year	7.079	7.094	7.051	7.011
10 Year	7.097	7.103	7.077	7.061

AAA Bmk	26-Jul	25-Jul	19-Jul	27-Jun
1 Year	7.35	7.35	7.35	7.47
5 Year	7.55	7.55	7.51	7.56
10 Year	7.53	7.53	7.50	7.50

CD	26-Jul	25-Jul	19-Jul	27-Jun
3 Month	6.95	6.95	6.95	6.95
6 Month	7.15	7.15	7.18	7.20
1 Year	7.45	7.45	7.45	7.45

CP	26-Jul	25-Jul	19-Jul	27-Jun
3 Month	7.10	7.10	7.10	7.10
6 Month	7.28	7.28	7.28	7.30
1 Year	7.55	7.55	7.60	7.55

OIS Rate	26-Jul	25-Jul	19-Jul	27-Jun
1 Year	6.81	6.82	6.76	6.70
2 Year	6.54	6.54	6.42	6.38
3 Year	6.43	6.43	6.30	6.30
5 Year	6.37	6.36	6.23	6.25

	26-Jul	25-Jul	19-Jul	27-Jun
Sensex	66,707	66,356	67,097	63,416
Nifty	19,778	19,681	19,833	18,817
USD/INR	82.00	81.87	82.09	82.03
Gold (USD)	1,971	1,965	1,977	1,913
Oil (USD)	82.77	83.64	79.46	72.26

NDF	26-Jul	25-Jul	19-Jul	27-Jun
3 Month	82.28	82.12	82.32	82.23
1 Year	83.30	83.30	83.42	83.42
2 Year	85.38	85.32	85.49	85.52
3 Year	88.38	87.97	88.14	88.17

## Market Observations

### G-sec

- Demand was seen in 2026 maturity G-sec and SDL @7.05 and 7.31 levels respectively. Major buyers were foreign banks, corporates and PD's.

- Demand was in 9 and 10-year maturity SDL @7.40 centric levels.

- T-bill cut off was in line with market expectations.

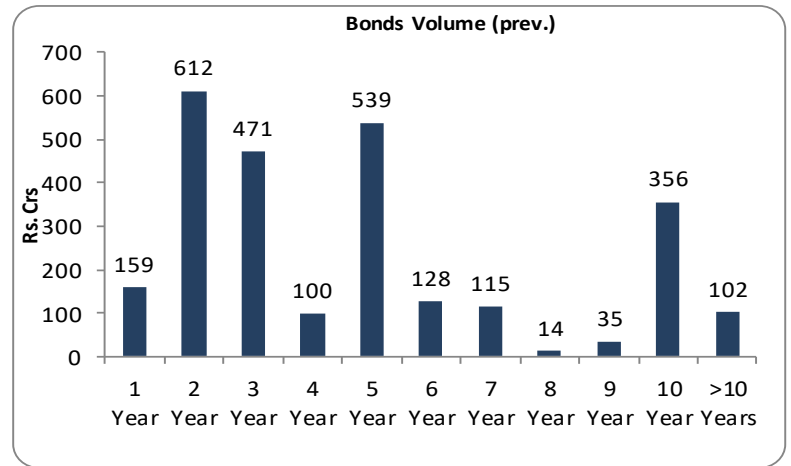
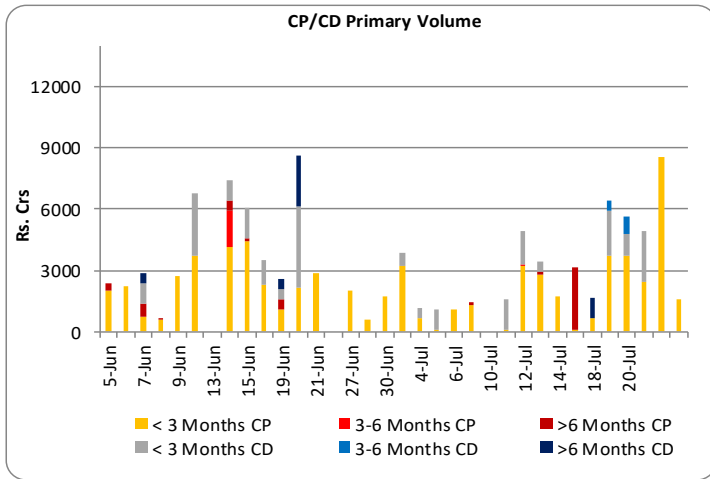
### Corporate Bonds

- Mutual funds were buying in the 2025-2026 segment.

- Insurances were active in the longer segment.

### CP/CD

- Major activity was seen in the 3-month segment.



10 Year Benchmarks	26-Jul	25-Jul	19-Jul	27-Jun
India	7.10	7.10	7.07	7.06
US	3.89	3.91	3.74	3.77
South Korea	3.66	3.68	3.57	3.60
Russia	11.41	11.43	11.46	11.08
Brazil	10.87	10.80	10.80	10.96
Germany	2.43	2.40	2.40	2.37
China	2.68	2.70	2.67	2.70

Top Traded Securities	Volume	26-Jul	25-Jul	19-Jul	27-Jun
5.74 2026	360	7.06	7.08	#N/A	7.01
7.38 2027	55	7.08	7.09	7.05	7.01
7.10 2029	-	7.11	7.12	7.08	7.06
6.54 2032	-	#N/A	7.14	7.12	7.11
7.26 2032	#VALUE!	7.13	7.14	7.11	7.10
7.54 2036	-	7.20	7.21	7.18	7.19

DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
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

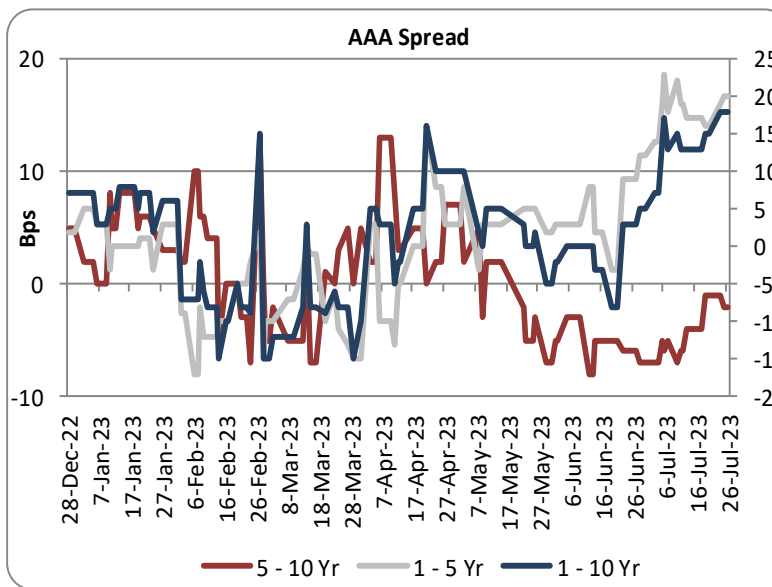
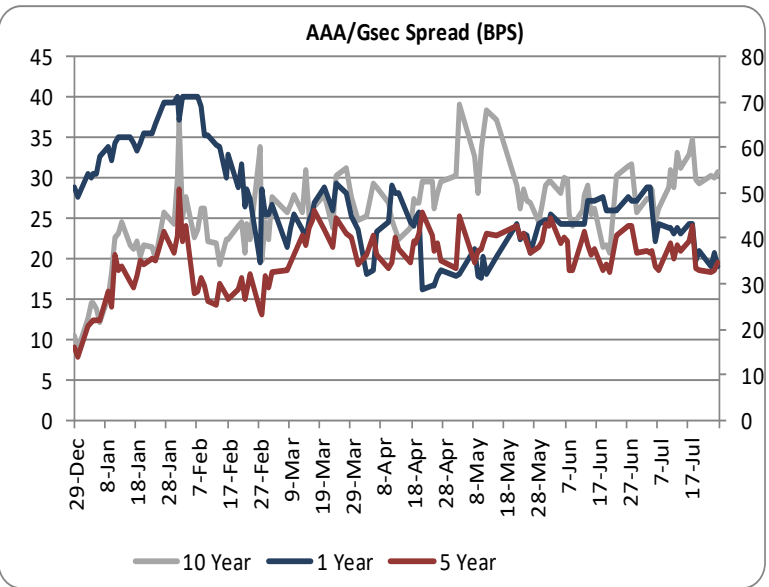
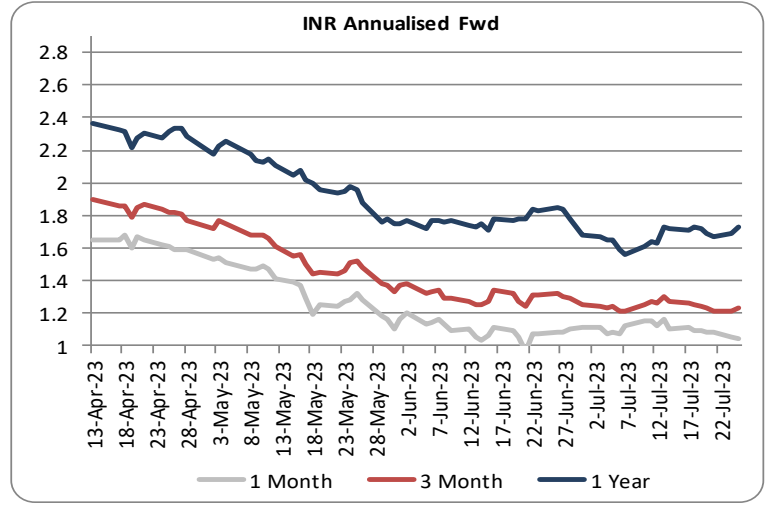
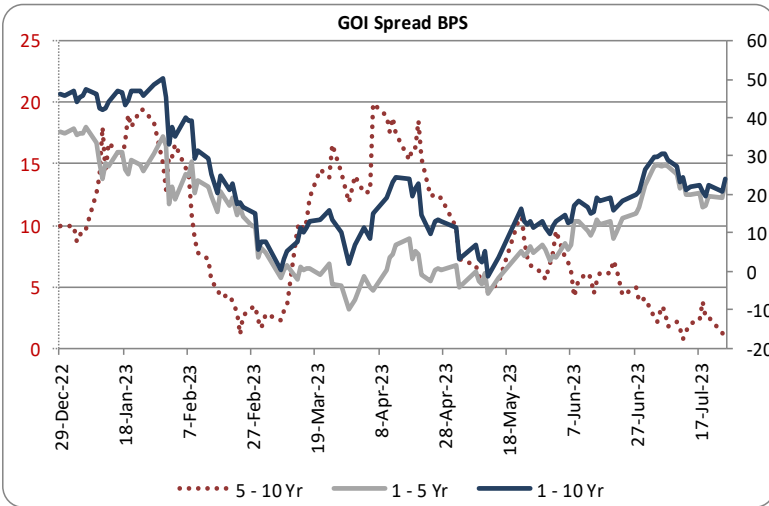
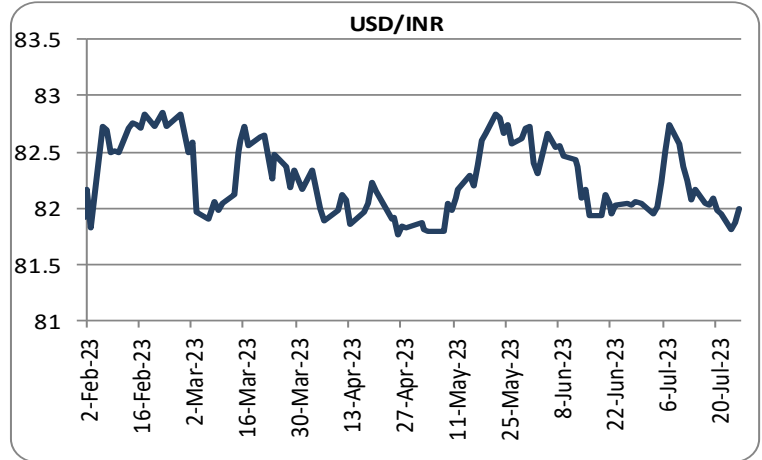
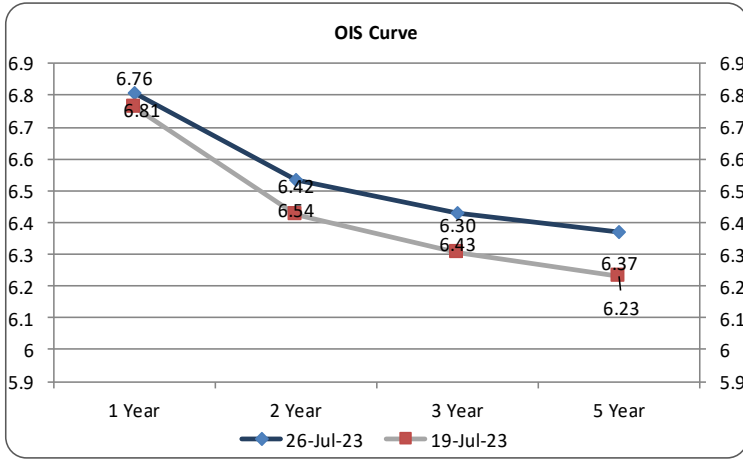
DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
26-Jul-23	232	193	39

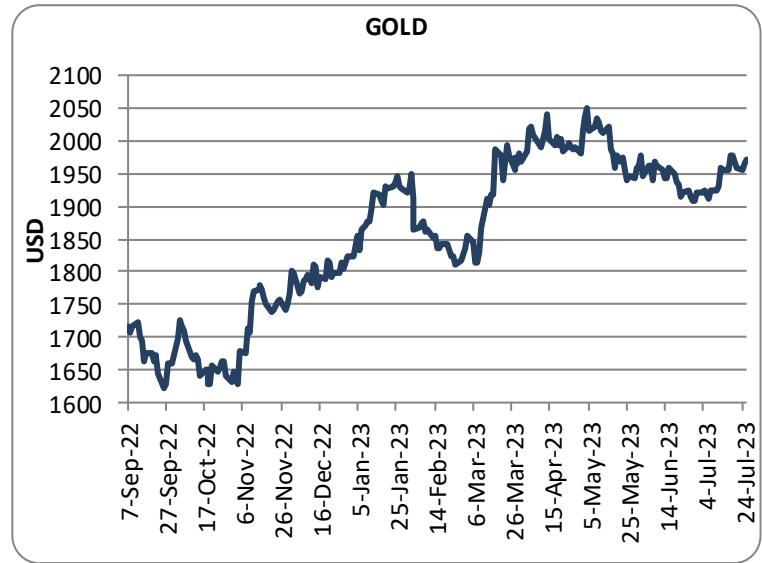
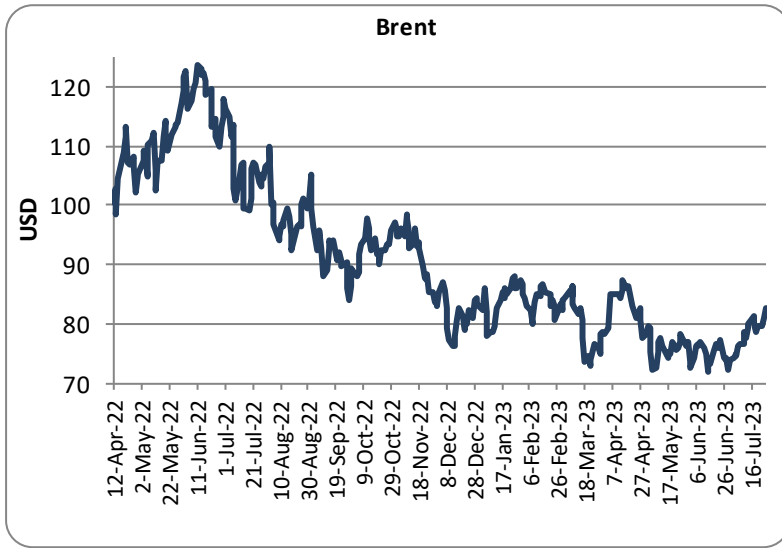
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	11993	9138	2855

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	12225	9331	2894

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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