



Indian government bond yields inched higher on Wednesday, as traders cut positions on a lack of fresh triggers and as they braced for fresh supply at the end of the week.

The 10-year benchmark bond yield ended at 7.2074% after closing at 7.1819% in the previous session.

Indian government bond market trading volume slumped to its lowest level in two months on Tuesday, and traders expect a similar trend through the week.

Market participants await a schedule of borrowing from Indian states for the last quarter of the financial year, with traders expecting a borrowing plan of 3.5 trillion rupees.

Meanwhile, focus remains on moves in U.S. Treasuries, after the 10-year yield dropped 70 basis points in the current quarter, falling over 115 basis points from its 16-year high in October. U.S. bond yields have been easing as traders bet on an aggressive rate easing from the Federal Reserve in 2024.

Markets are pricing in an 82% probability of a Fed rate cut in March, and see a total of 150 basis points of rate cuts in 2024.

Oil prices stabilized on Wednesday after strong gains earlier as investors monitored Red Sea developments, with some major shippers resuming passage through the trade route despite continued attacks and broader Middle East tensions.

The Indian rupee weakened 0.18% to 83.3450 per U.S. dollar as month-end dollar demand from local oil companies pressured the local unit even as the dollar index fell to its lowest level in five months.

Repo: The weighted average call rates in the interbank segment remained the same at 6.81% vs 6.81% as on the previous day while that the TREP segment decreased to 6.78% vs 6.79% as on the previous day.

Market Observations

G-sec

- T-bill cut off was in line with market expectation apart from 3-month t-bill which was 3bps better than market expectations.
- Selling was seen in 2 to 4 year SDLs by Mutual funds. Major buyers were banks and PDs.
- Selling was seen in 10 and 11 year SDLs @7.63 to 7.64 levels but very timid demand was witnessed in that maturity.

Corporate Bonds

- Mutual funds were active on both sides in the 2024-2026 segment.
- Banks were active in the longer segment.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	27-Dec	26-Dec	20-Dec	24-Nov
1 Year	7.130	7.090	7.100	7.130
5 Year	7.100	7.100	7.081	7.254
10 Year	7.207	7.182	7.168	7.270

AAA Bmk	27-Dec	26-Dec	20-Dec	24-Nov
1 Year	7.82	7.80	7.80	7.82
5 Year	7.75	7.72	7.75	7.84
10 Year	7.70	7.73	7.70	7.77

CD	27-Dec	26-Dec	20-Dec	24-Nov
3 Month	7.45	7.45	7.45	7.30
6 Month	7.80	7.75	7.75	7.60
1 Year	7.90	7.90	7.90	7.75

CP	27-Dec	26-Dec	20-Dec	24-Nov
3 Month	7.70	7.70	7.70	7.45
6 Month	8.00	8.00	8.00	7.70
1 Year	8.05	8.05	8.05	7.95

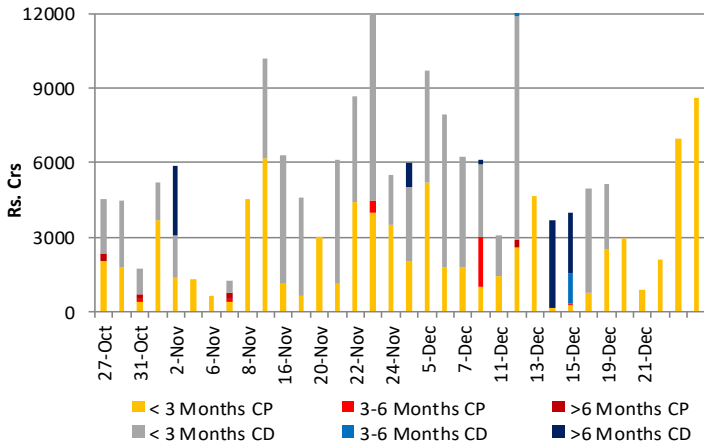
OIS Rate	27-Dec	26-Dec	20-Dec	24-Nov
1 Year	6.64	6.64	6.64	6.92
2 Year	6.29	6.30	6.28	6.65
3 Year	6.24	6.24	6.23	6.63
5 Year	6.20	6.21	6.20	6.60

	27-Dec	26-Dec	20-Dec	24-Nov
Sensex	72,038	71,337	70,506	65,970
Nifty	21,655	21,441	21,150	19,795
USD/INR	83.35	83.19	83.17	83.37
Gold (USD)	2,066	2,067	2,029	2,002
Oil (USD)	80.52	81.07	79.70	80.58

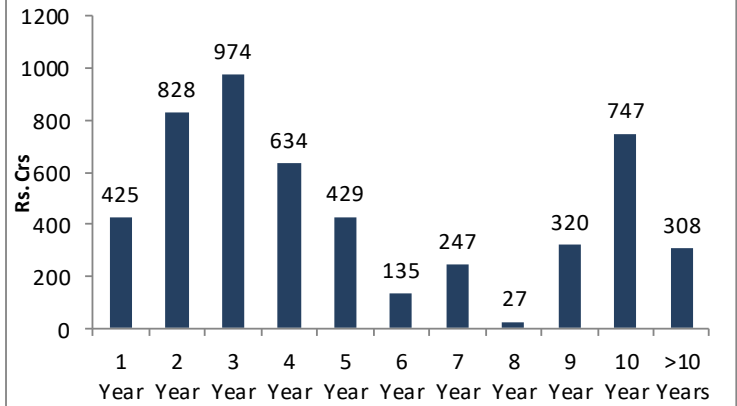
NDF	27-Dec	26-Dec	20-Dec	24-Nov
3 Month	83.58	83.43	83.41	83.55
1 Year	84.89	84.74	84.71	84.66
2 Year	87.54	87.27	87.06	86.81
3 Year	90.64	90.17	89.96	89.21



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	27-Dec	26-Dec	20-Dec	24-Nov
India	7.21	7.18	7.17	7.27
US	3.87	3.89	3.88	4.48
South Korea	3.26	3.26	3.28	3.78
Russia	12.33	12.29	12.20	12.03
Brazil	10.45	10.45	10.51	11.12
Germany	1.92	1.97	1.98	2.65
China	2.59	2.60	2.64	2.71

Top Traded Securities	Volume	20-Dec	19-Dec	13-Dec	21-Nov
7.26 2033	140	7.21	7.21	7.31	7.32
7.06 2028	390	7.34	7.34	7.41	7.39
7.62 2039	-	7.22	7.21	7.31	7.34
7.30 2053	190	7.37	7.37	7.47	7.44
6.64 2035	30	7.31	7.29	7.36	7.37
7.40 2035	400	7.27	7.25	7.35	7.37

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
22-Dec-23	8190	5772	2418

EQUITY	Gross Purchase	Gross Sales	Net Investment
	9941	11013	-1071

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
18132	16785	1347

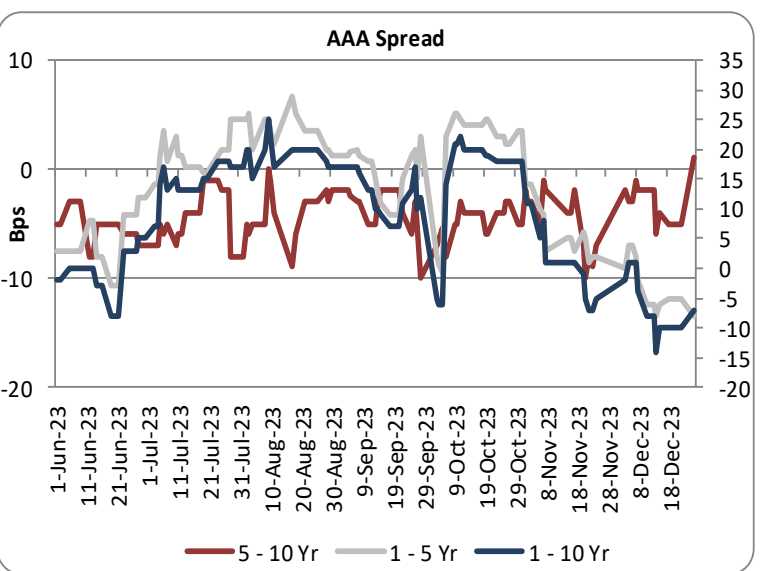
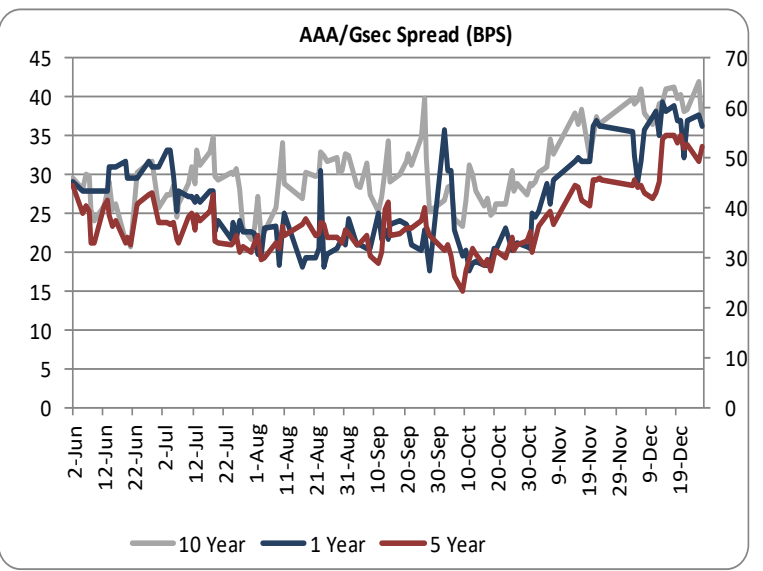
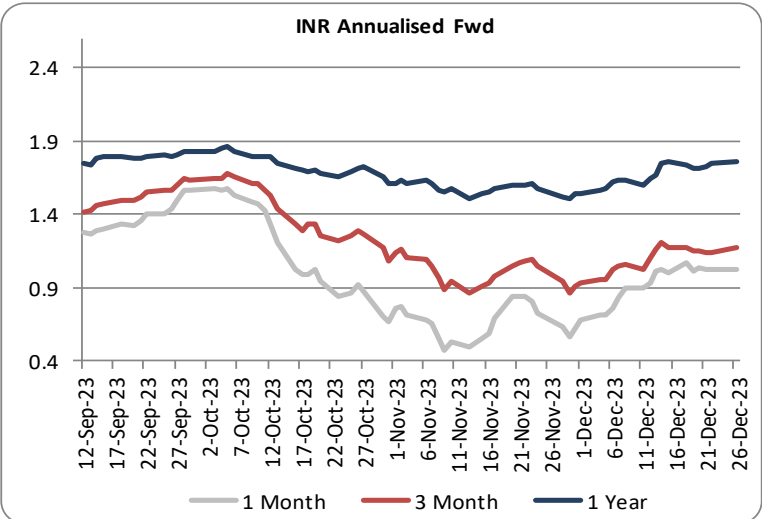
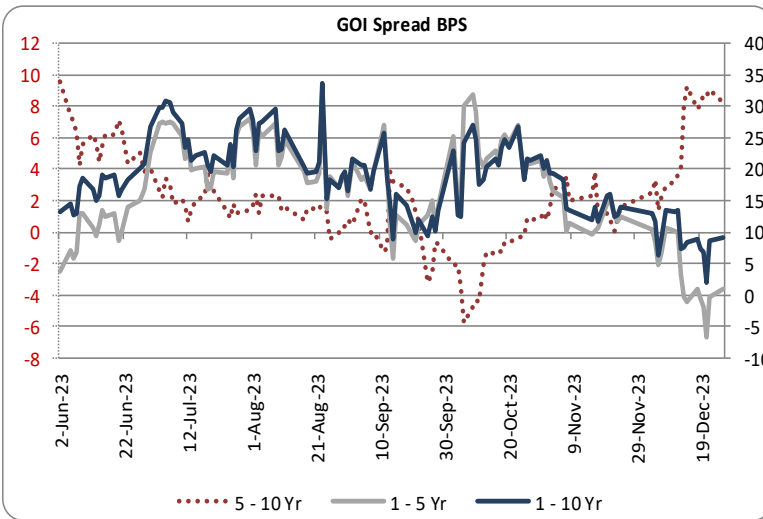
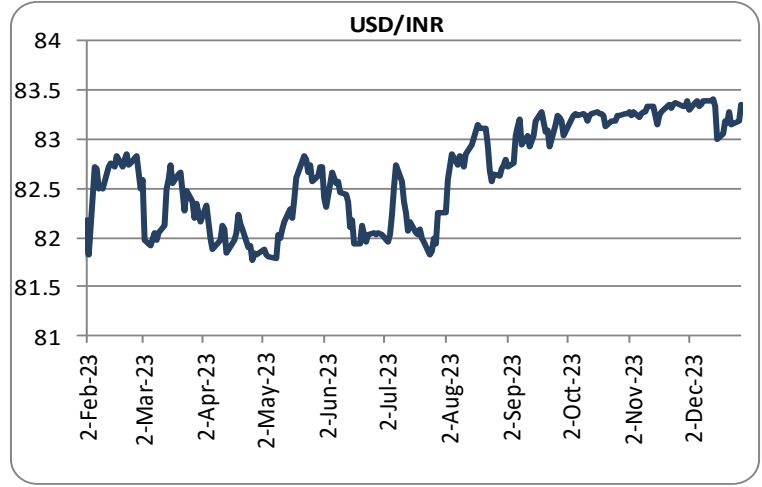
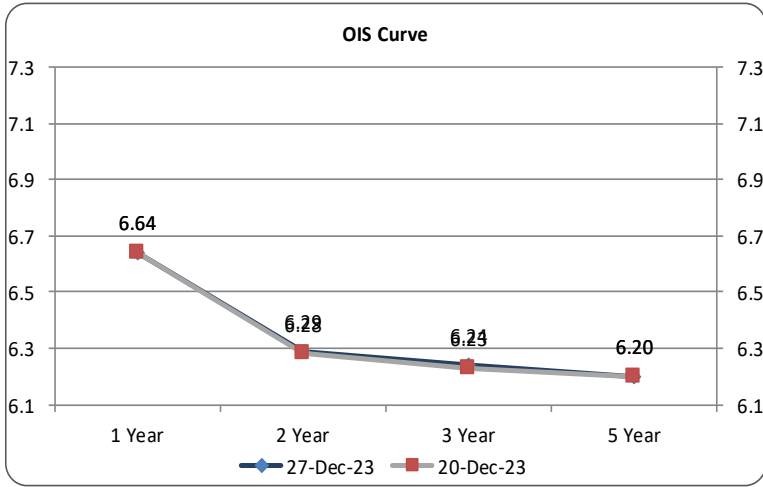
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
27-Dec-23	640	1617	-977

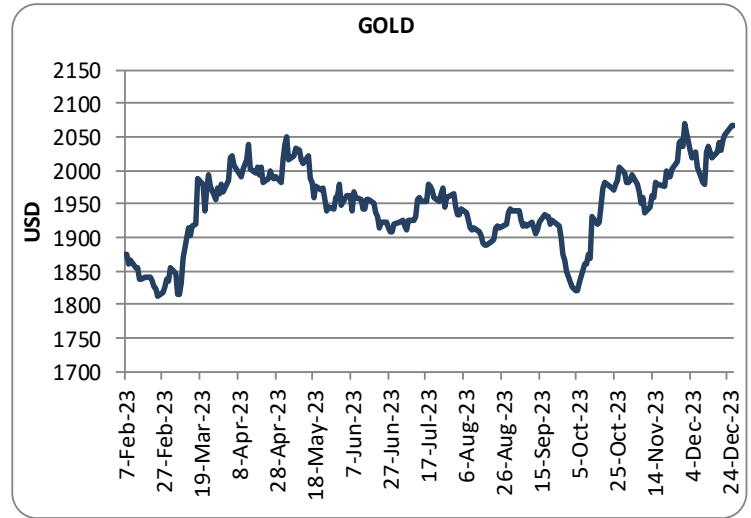
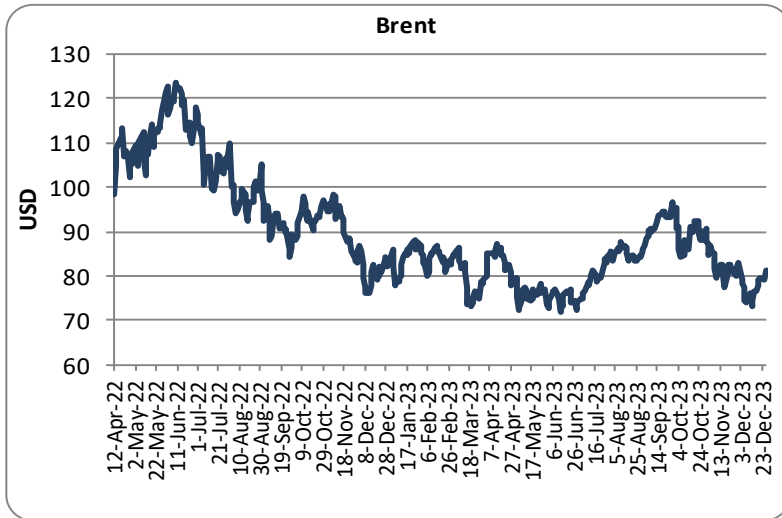
EQUITY	Gross Purchase	Gross Sales	Net Investment
	6562	6024	538

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
7201	7641	-440

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 (%)	Nov-23	0.3	-0.5
CPI (%)	Nov-23	5.6	4.9
IIP (%)	Oct-23	11.7	5.8
PMI Manufacturing	Nov-23	56	55.5
PMI Service	Nov-23	56.9	58.4

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Russia	27-Dec-23	2.9	2.9
Industrial Output	Japan	28-Dec-23	3.00	1.10
Retail Sales	Japan	28-Dec-23	5.00	4.20
CPI	Japan	29-Dec-23	3.26	3.30
CPI	Germany	04-Jan-24	3.70	3.20
Industrial Output	Brazil	05-Jan-24	0.20	1.20
Unemployment Rate	USA	05-Jan-24	3.80	3.70
Unemployment Rate	Canada	05-Jan-24	5.90	5.80





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

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