



BONDWATCH

Daily

INDIA

February 27, 2023

Bond yields also rose as the market braces for heavy state debt supply on Tuesday.

The 10-year benchmark 7.26% 2032 bond yield ended at 7.4533%, its highest since Nov. 4, after closing at 7.4181% on Friday. The yield has risen by an aggregate of 15 basis points (bps) in the

U.S. Treasury prices fell as data showed that consumer spending, which accounts for more than two-thirds of economic activity, jumped 1.8% last month, while the personal consumption expenditures price (PCE) index, shot up 0.6% - the highest since June 2022 and after gaining 0.2% in December.

The PCE index is the Federal Reserve's preferred inflation gauge and a rise could drive the Fed to hike interest rates for longer. The central bank is now expected to raise rates by 75 bps till June.

The 10-year yield was around the 3.95% mark, while the two-year yield, the closest indicator of interest rate expectations, was around 4.80%.

Meanwhile, supply pressure will continue as Indian states aim to raise 308.33 billion rupees (\$3.72 billion), the most this financial year, on Tuesday.

Moreover, govt. will also borrow 390 billion rupees through T-Bills in the remaining five weeks of this fiscal, compared with 290 billion rupees per week previously.

The Indian rupee weakened 0.10% versus the U.S. dollar and quoted at 82.8350 per dollar as Asian currencies fell on the prospect of the Federal Reserve hiking interest rates further and for longer.

Repo: The weighted average call rates in the interbank segment decreased to 6.67% vs 6.72% on the previous day while that the TREP segment decreased to 6.64% vs 6.68% as on the previous day.

Market Observations

G-sec

- Indian government bond yields ended higher on Monday, with the benchmark bond yield closing at levels last seen nearly four months ago, tracking the increase in their U.S. peers.

Corporate Bonds

- The overall market saw activity in the 3-5 yr PSU and NBFC bonds - there was buying from Mutual Funds and insurances.

CP/CD

- Major demand was witnessed across all segments.

GOI Yield	27-Feb	24-Feb	20-Feb	27-Jan
1 Year	7.300	7.250	7.160	6.900
5 Year	7.420	7.391	7.329	7.204
10 Year	7.453	7.418	7.373	7.387

AAA Bmk	27-Feb	24-Feb	20-Feb	27-Jan
1 Year	7.78	7.87	7.80	7.72
5 Year	7.80	7.85	7.75	7.75
10 Year	7.93	7.78	7.75	7.78

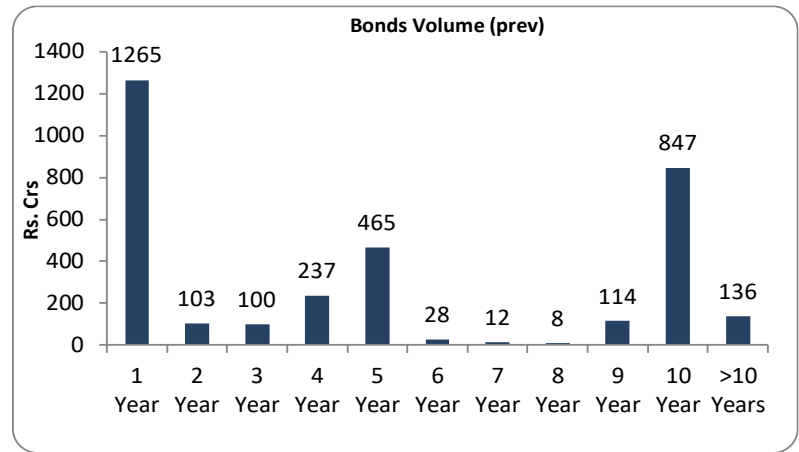
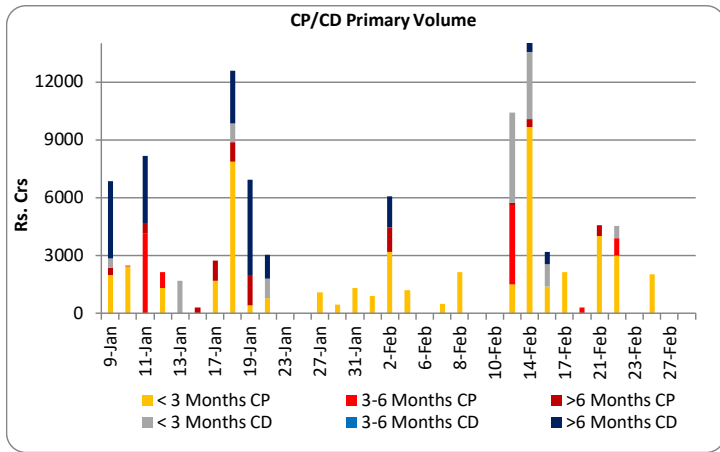
CD	27-Feb	24-Feb	20-Feb	27-Jan
3 Month	7.45	7.40	7.35	7.15
6 Month	7.70	7.70	7.65	7.55
1 Year	7.85	7.85	7.80	7.72

CP	27-Feb	24-Feb	20-Feb	27-Jan
3 Month	7.60	7.50	7.45	7.40
6 Month	7.85	7.80	7.75	7.85
1 Year	8.05	8.00	7.90	8.00

OIS Rate	27-Feb	24-Feb	20-Feb	27-Jan
1 Year	7.06	7.00	6.94	6.71
2 Year	6.80	6.73	6.62	6.33
3 Year	6.71	6.63	6.53	6.22
5 Year	6.72	6.63	6.52	6.22

	27-Feb	24-Feb	20-Feb	27-Jan
Sensex	59,288	59,464	60,692	59,331
Nifty	17,393	17,466	17,845	17,604
USD/INR	82.84	82.75	82.72	81.52
Gold (USD)	1,811	1,811	1,841	1,927
Oil (USD)	83.07	83.16	84.07	86.66

NDF	27-Feb	24-Feb	20-Feb	27-Jan
3 Month	83.32	83.45	83.20	82.06
1 Year	84.57	84.52	84.47	83.46
2 Year	87.84	86.72	86.37	85.56
3 Year	89.44	89.27	88.82	88.31



10 Year Benchmarks	27-Feb	24-Feb	20-Feb	27-Jan
India	7.45	7.42	7.37	7.39
US	3.96	3.95	3.83	3.52
South Korea	3.61	3.53	3.61	3.28
Russia	10.99	10.90	11.04	10.54
Brazil	13.44	13.44	13.25	13.20
Germany	2.56	2.53	2.46	2.25
China	2.92	2.92	2.92	2.99

Top Traded Securities	Volume	27-Feb	24-Feb	20-Feb	27-Jan
5.74 2026	120	7.40	7.38	7.29	7.15
7.38 2027	175	7.42	7.39	7.33	7.20
7.10 2029	-	7.44	7.40	7.36	7.33
6.54 2032	-	7.45	7.43	7.38	7.40
7.26 2032	-	7.45	7.42	7.37	7.39
7.54 2036	220	7.49	7.47	7.43	7.46

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
15-Feb-23	4351	4303	48

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6384	6452	-69

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10735	10756	-21

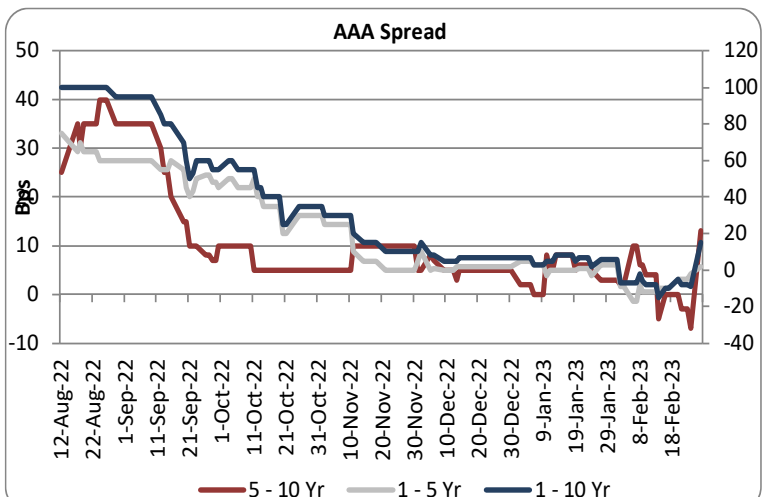
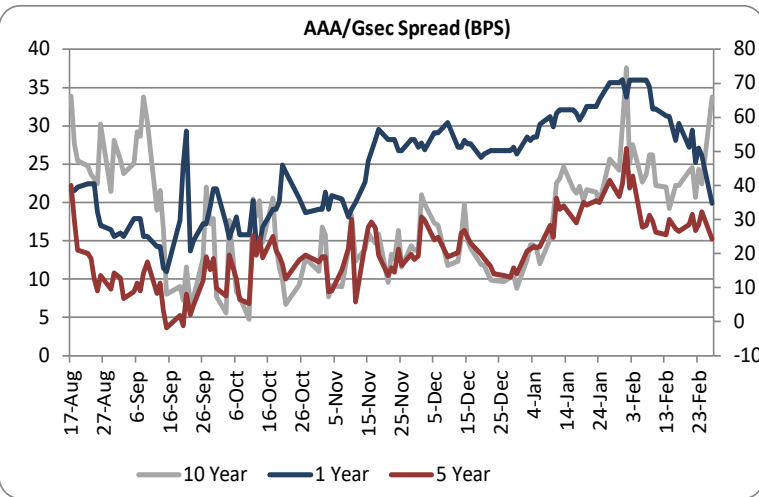
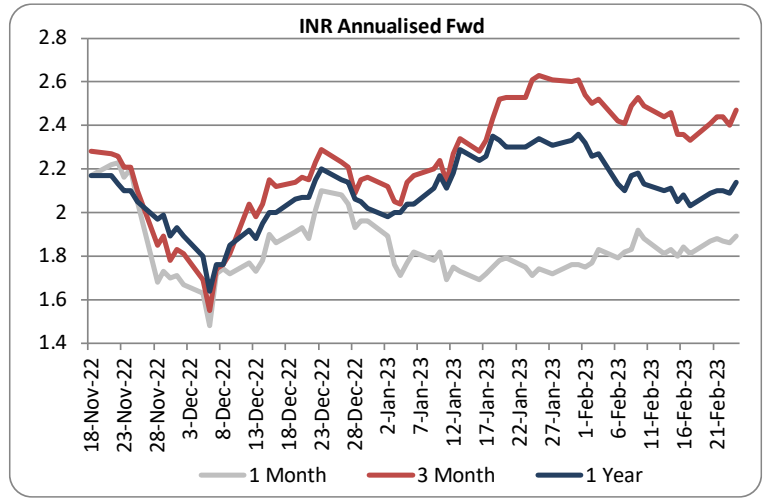
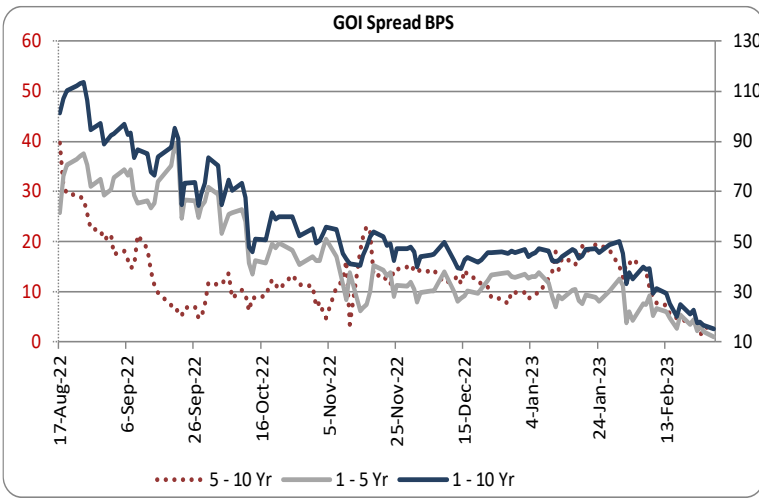
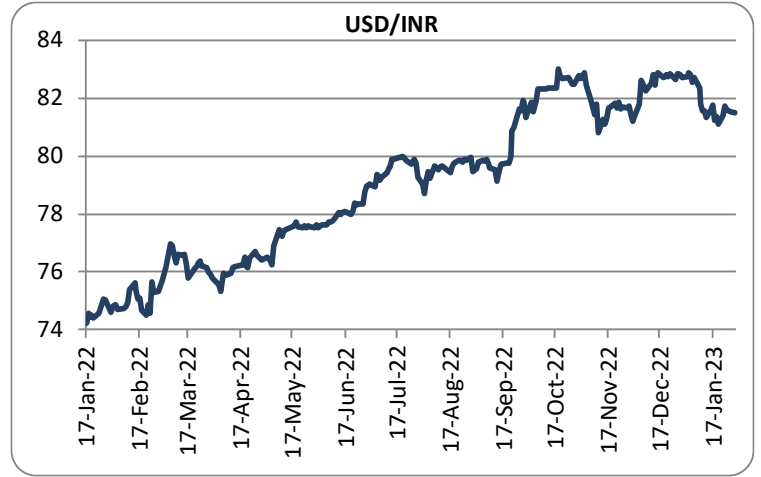
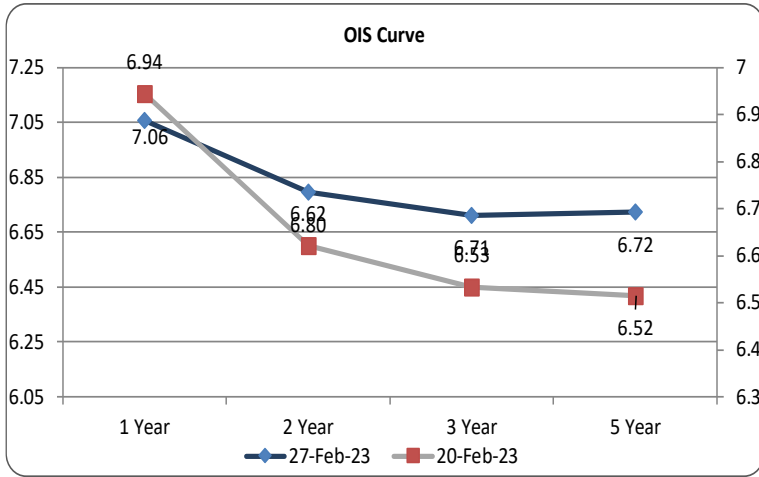
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
27-Feb-23	242	564	-323

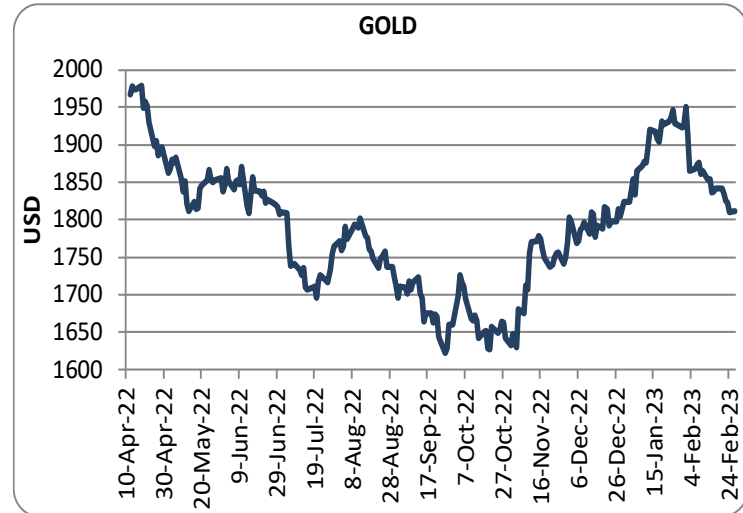
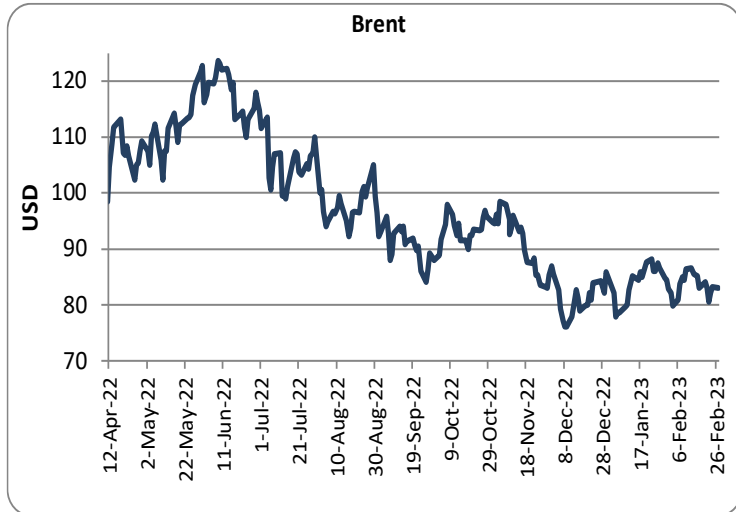
EQUITY		
Gross Purchase	Gross Sales	Net Investment
5966	7319	-1353

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
6208	7883	-1676

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-22	6.3	13.5
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Jan-23	55.4	57.8
PMI Service	Jan-23	57.2	58.5

Economic Calender	Country	Date	Poll	Prior
WPI	India	14-Feb-23	4.54	4.95
Unemployment Rate	UK	14-Feb-23	3.70	3.70
CPI	USA	14-Feb-23	6.20	6.50
CPI	UK	15-Feb-23	10.20	10.50
Industrial Output	Poland	20-Feb-23	4.30	-
Exports	Thailand	28-Feb-23	-	(12.90)
Imports	Thailand	28-Feb-23	-	(10.50)
GDP	Switzerland	28-Feb-23	-	0.50





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

LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

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For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

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