



# BONDWATCH

Daily

July 27, 2023

INDIA

Indian bond yields ended higher on Thursday with traders shifting their focus to domestic factors, such as the upcoming supply of debt, as well as inflation concerns after the U.S. Federal Reserve's latest policy decision.

The benchmark 7.26% 2033 bond yield ended at 7.1227%, the highest since July 10, after closing at 7.0965% in the previous session.

Earlier in the day, domestic bond yields were lower, tracking U.S. peers on rising bets that the Fed's 25 basis points rate hike on Wednesday was the last for this cycle.

Fed Chair Jerome Powell, in remarks after the rate decision, said the U.S. central bank has not ruled out raising rates in consecutive meetings. While the markets believe that rate hikes from the Fed are done, concerns over domestic inflation will keep yields at elevated levels.

Higher food inflation is expected to push headline inflation to 6.0%-6.5% in July and August from 4.8% in June, before settling in a 5%-6% range over the rest of FY24.

The increase in inflation has prompted Indian investors to push back rate cut expectations by at least a quarter to the middle of 2024. The Reserve Bank of India's next monetary policy meeting is in August.

The Indian rupee mostly unchanged versus the U.S. dollar, and quoted at 81.93 per dollar despite a broad weakness as corporate dollar inflows were mostly offset by purchases by importers.

Repo: The weighted average call rates in the interbank segment decreased to 6.37% vs 6.44% as on the previous day while that the TREP segment decreased to 6.27% vs 6.32% as on the previous day.

GOI Yield	27-Jul	26-Jul	20-Jul	28-Jun
1 Year	6.860	6.893	6.860	6.850
5 Year	7.111	7.079	7.057	7.019
10 Year	7.123	7.097	7.083	7.058

AAA Bmk	27-Jul	26-Jul	20-Jul	28-Jun
1 Year	7.35	7.35	7.35	7.45
5 Year	7.55	7.55	7.51	7.57
10 Year	7.53	7.53	7.50	7.50

CD	27-Jul	26-Jul	20-Jul	28-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	27-Jul	26-Jul	20-Jul	28-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	27-Jul	26-Jul	20-Jul	28-Jun
1 Year	6.82	6.81	6.78	6.69
2 Year	6.54	6.54	6.47	6.38
3 Year	6.47	6.43	6.37	6.28
5 Year	6.38	6.37	6.29	6.22

	27-Jul	26-Jul	20-Jul	28-Jun
Sensex	66,267	66,707	67,572	63,915
Nifty	19,660	19,778	19,979	18,972
USD/INR	81.93	82.00	81.99	82.06
Gold (USD)	1,977	1,972	1,970	1,907
Oil (USD)	83.56	82.92	79.64	74.03

NDF	27-Jul	26-Jul	20-Jul	28-Jun
3 Month	82.14	82.26	82.31	82.26
1 Year	83.18	83.34	83.48	83.40
2 Year	85.44	85.36	85.56	85.46
3 Year	88.19	88.01	88.21	88.11

## Market Observations

### G-sec

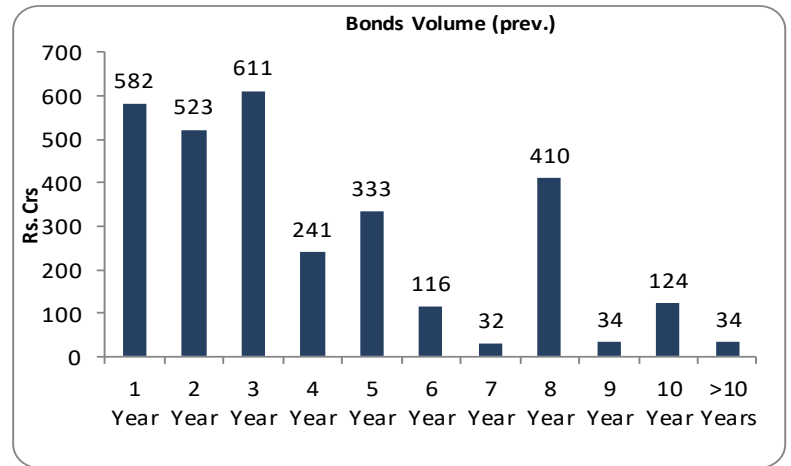
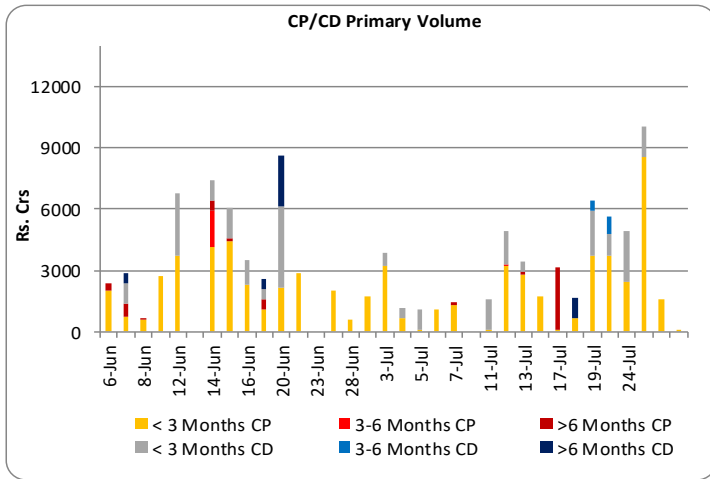
- Market opened positive following US 10-year even after a 25bps hike but got given over the course of the day to close at 7.12 levels.
- Demand was seen in 2026 maturity SDLs by Mutual funds.

### Corporate Bonds

- Demand was seen from Mutual funds in the 1-year segment.
- Insurances were active in the longer segment.

### CP/CD

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



10 Year Benchmarks	27-Jul	26-Jul	20-Jul	28-Jun
India	7.12	7.10	7.08	7.06
US	3.87	3.85	3.85	3.71
South Korea	3.64	3.66	3.60	3.61
Russia	11.43	11.42	11.46	11.09
Brazil	10.91	10.83	10.92	10.88
Germany	2.44	2.46	2.45	2.31
China	2.68	2.68	2.66	2.70

Top Traded Securities	Volume	27-Jul	26-Jul	20-Jul	28-Jun
5.74 2026	50	7.10	7.06	7.05	7.00
7.38 2027	-	7.11	7.08	7.06	7.02
7.10 2029	50	7.14	7.11	7.09	7.06
6.54 2032	110	7.16	7.12	7.13	7.10
7.26 2032	#VALUE!	7.15	7.13	7.12	7.10
7.54 2036	-	7.22	7.20	7.19	7.18

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

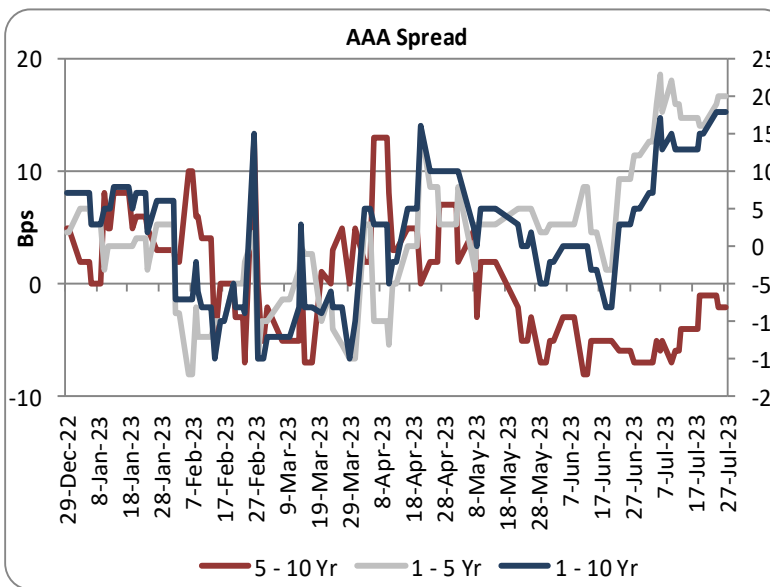
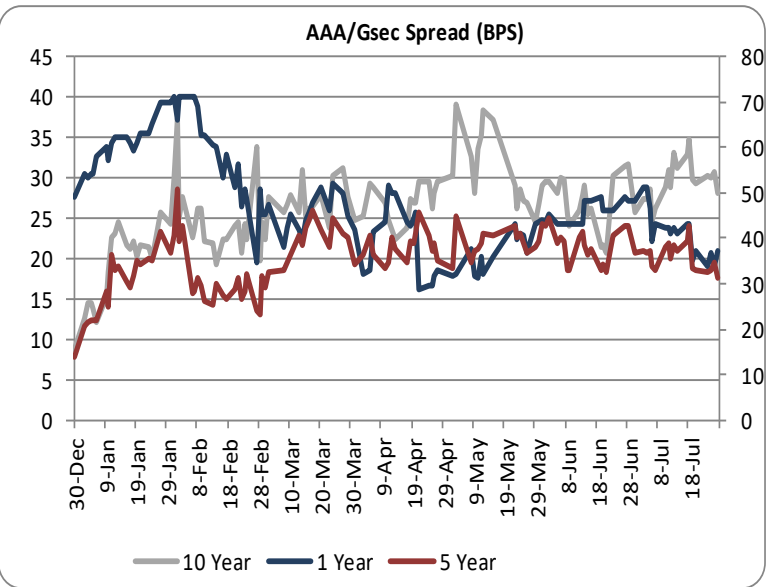
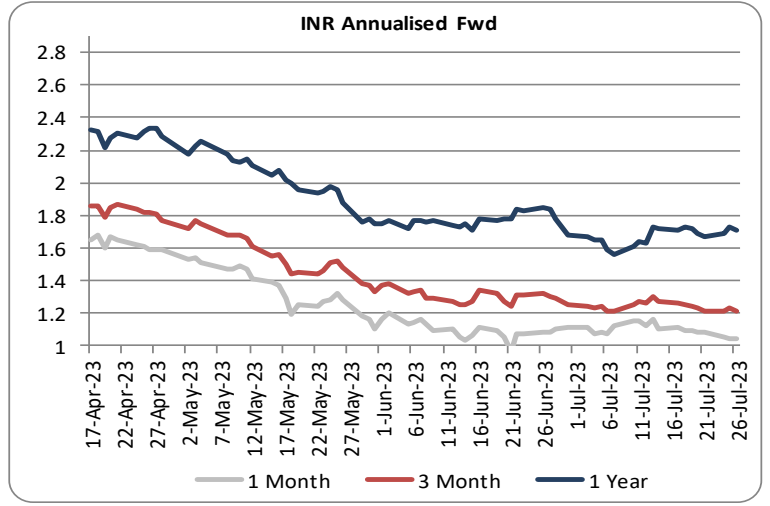
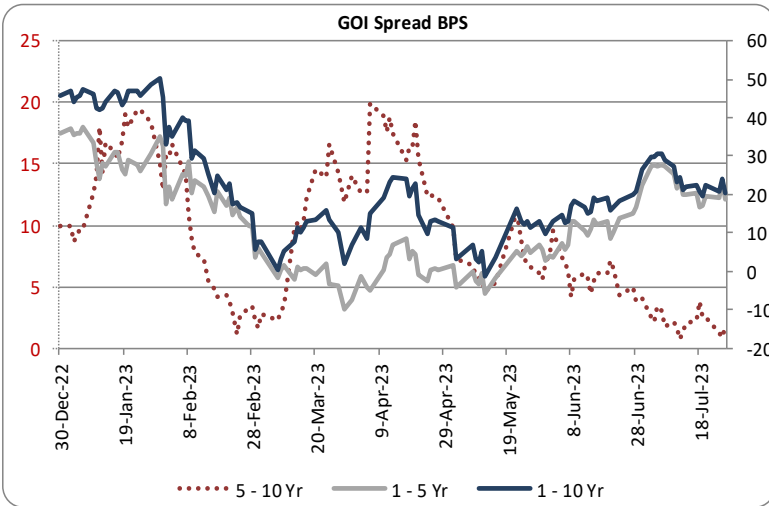
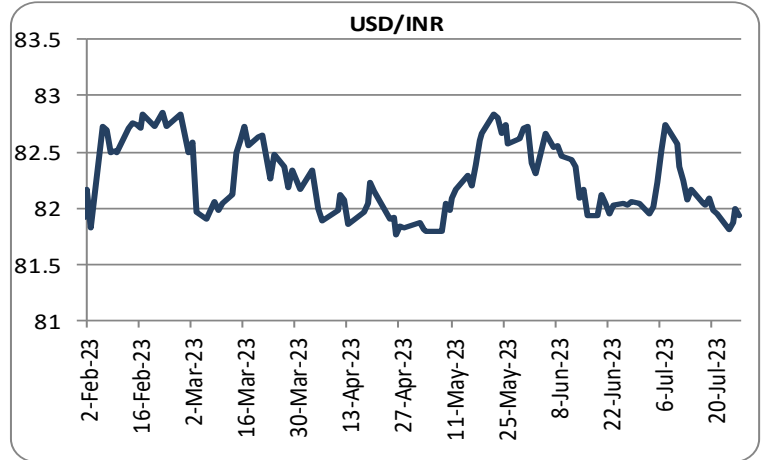
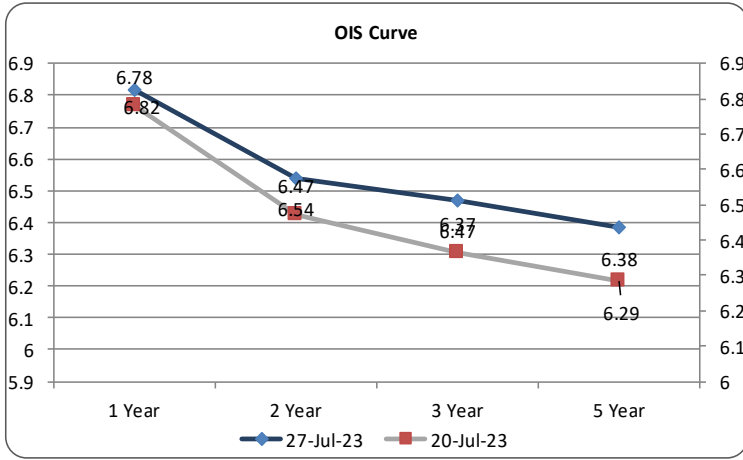
DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
27-Jul-23	597	575	22

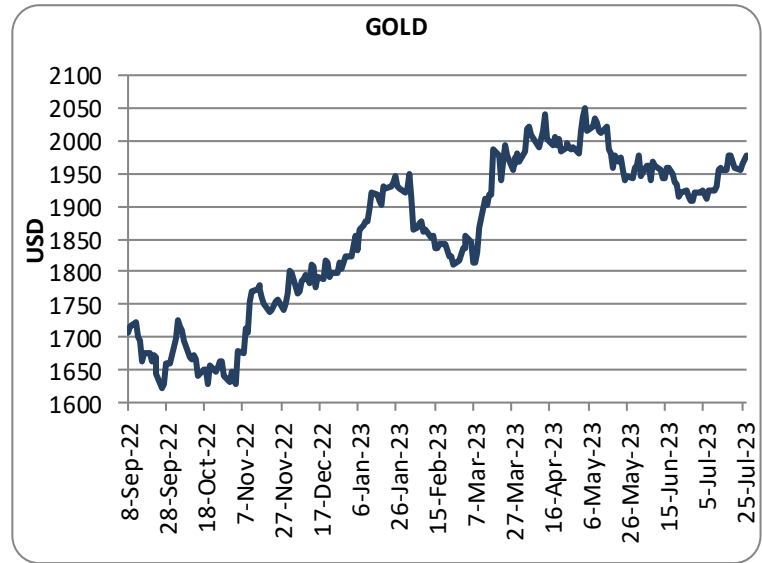
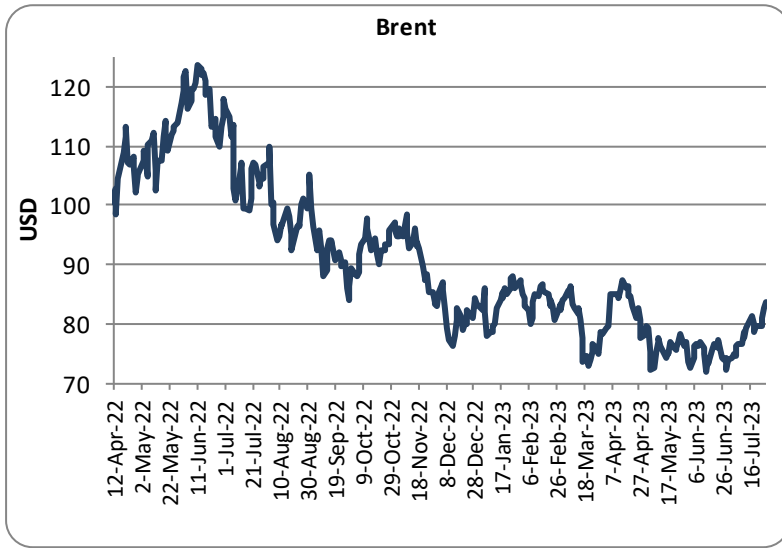
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	8751	7621	1131

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9348	8195	1153

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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