



Indian government bond yields declined on Monday, with the benchmark yield at a near one-year low as sentiment remained upbeat on hopes the central bank's hefty surplus transfer will improve the government's fiscal position.

The benchmark 10-year yield ended at 6.9780%, its lowest since June 6, 2023, following its previous close of 6.9988%.

The Reserve Bank of India's board last week approved the transfer of a record 2.11 trillion rupees (\$25.39 billion) as surplus to the government for the financial year that ended in March 2024.

The government's fiscal position is expected to strengthen after the higher-than-expected dividend transfer, and traders are anticipating that this could lower bond supply. The government has already cut the supply of treasury bills by 600 billion rupees till end of June and has bought back securities worth around 179 billion rupees in May.

Still, a recent upward shift in U.S. bond yields has partially offset the bullish momentum, as the U.S. 10-year yield is nearing the 4.50% mark with investors trimming rate cuts bets to 34 basis points in 2024 from over 50 bps earlier this month.

Meanwhile, overseas investors are buying longer-duration government bonds ahead of their inclusion in JPMorgan's emerging market debt index in June, as they expect these securities to draw a large chunk of passive flows.

The Indian rupee weakened 0.04% versus the U.S. dollar, and quoted at 83.14 per dollar, unable to build on recent gains, as local dollar demand pressured the local currency even as most of its Asian peers ticked higher.

Repo: The weighted average call rates in the interbank segment decreased to 6.68% vs 6.72% as on the previous day while that the TREP segment decreased to 6.56% vs 6.62% as on the previous day.

### Market Observations

#### G-sec

- Selling was seen in SDLs @7.37 levels in good states and 7.39 levels in other states in 10yr+ maturity.
- Demand was seen in 2026 2027 SDL @7.26 to 7.29 levels by nationalized and private banks.

#### Corporate Bonds

- Major activity was seen in the MMY segment and 2025-2029 segment.
- Mutual funds were active on the buying as well as selling side in the active segments and insurance companies were active on the buying side in the 2029 maturity papers.

#### CP/CD

- Major activity was seen in the 1-month and 9-month segment.

GOI Yield	27-May	24-May	17-May	29-Apr
1 Year	7.025	7.010	7.050	7.060
5 Year	7.023	7.027	7.079	7.197
10 Year	6.978	6.999	7.095	7.197

AAA Bmk	27-May	24-May	17-May	29-Apr
1 Year	7.70	7.70	7.70	7.70
5 Year	7.64	7.63	7.64	7.73
10 Year	7.53	7.55	7.55	7.55

CD	27-May	24-May	17-May	29-Apr
3 Month	7.13	7.15	7.25	7.25
6 Month	7.45	7.45	7.45	7.45
1 Year	7.70	7.65	7.65	7.65

CP	27-May	24-May	17-May	29-Apr
3 Month	7.25	7.25	7.45	7.35
6 Month	7.55	7.55	7.55	7.55
1 Year	7.80	7.75	7.75	7.75

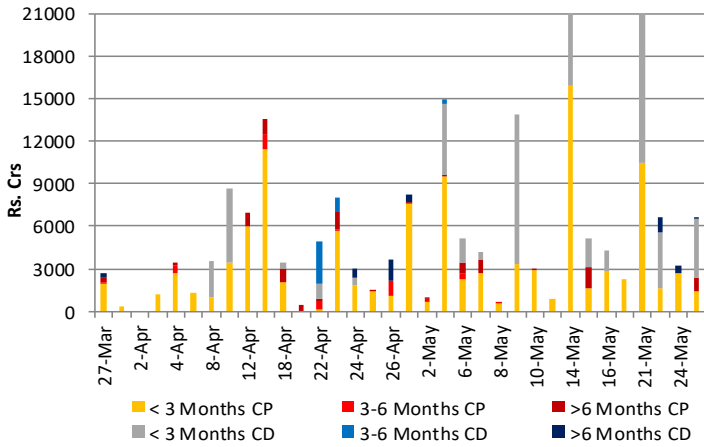
OIS Rate	27-May	24-May	17-May	29-Apr
1 Year	6.81	6.80	6.80	6.88
2 Year	6.51	6.51	6.51	6.64
3 Year	6.45	6.44	6.46	6.60
5 Year	6.39	6.39	6.41	6.58

	27-May	24-May	17-May	29-Apr
Sensex	75,391	75,410	73,917	74,671
Nifty	22,932	22,957	22,466	22,643
USD/INR	83.13	83.10	83.34	83.47
Gold (USD)	2,345	2,334	2,415	2,334
Oil (USD)	82.63	82.12	83.98	88.40

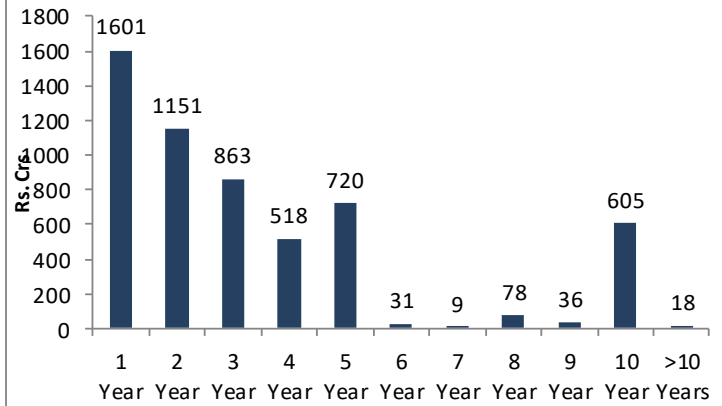
NDF	27-May	24-May	17-May	29-Apr
3 Month	83.37	83.32	83.56	83.69
1 Year	84.43	84.38	84.68	84.82
2 Year	86.33	86.29	86.74	86.82
3 Year	89.14	88.73	89.21	89.17



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	27-May	24-May	17-May	29-Apr
India	6.98	7.00	7.10	7.20
US	4.47	4.47	4.42	4.61
South Korea	3.50	3.52	3.46	3.71
Russia	14.73	14.54	15.04	14.41
Brazil	11.71	11.71	11.69	11.64
Germany	2.57	2.58	2.51	2.53
China	2.31	2.31	2.32	2.21

Top Traded Securities	Volume	17-May	16-May	10-May	16-Apr
7.26 2033	1,070	7.12	7.10	7.14	7.20
7.06 2028	770	7.08	7.08	7.11	7.18
7.62 2039	-	7.13	7.12	7.17	7.24
7.30 2053	820	7.17	7.16	7.21	7.28
6.64 2035	635	7.14	7.12	7.15	7.21
7.40 2035	170	7.18	7.11	7.18	7.21

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
24-May-24	10278	10472	-195

EQUITY	Gross Purchase	Gross Sales	Net Investment
	6	54	-48

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
0	0	0

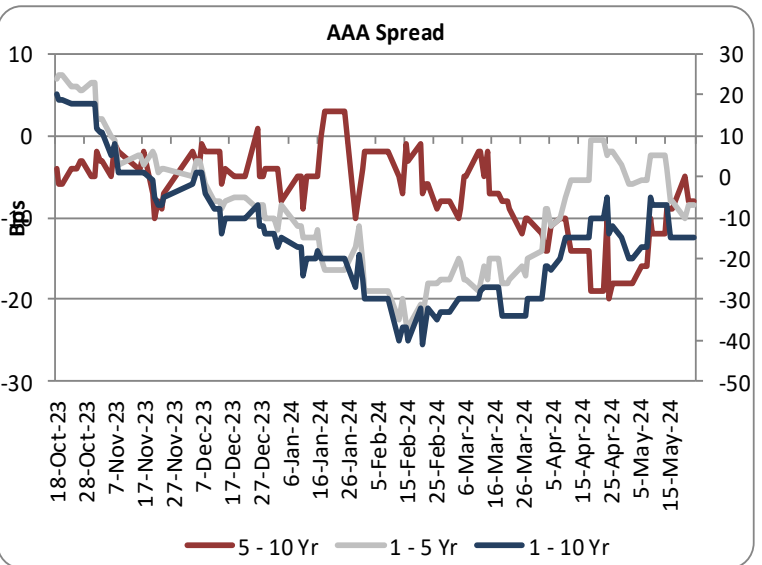
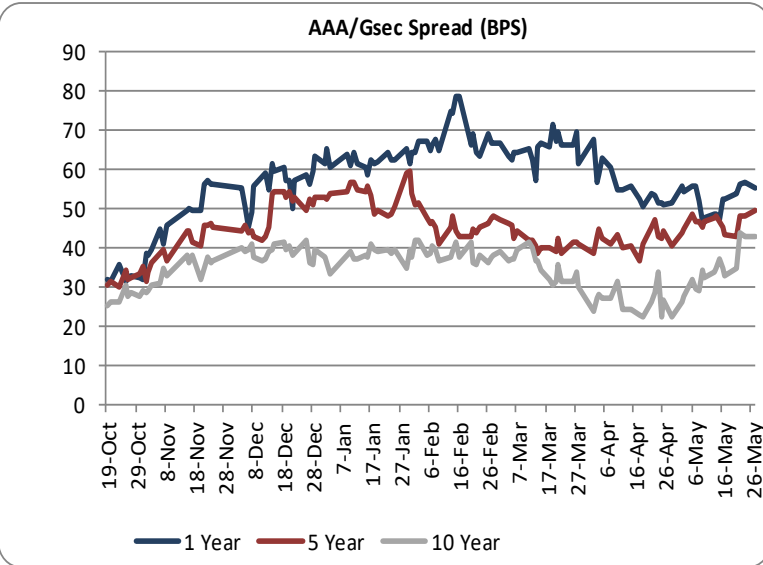
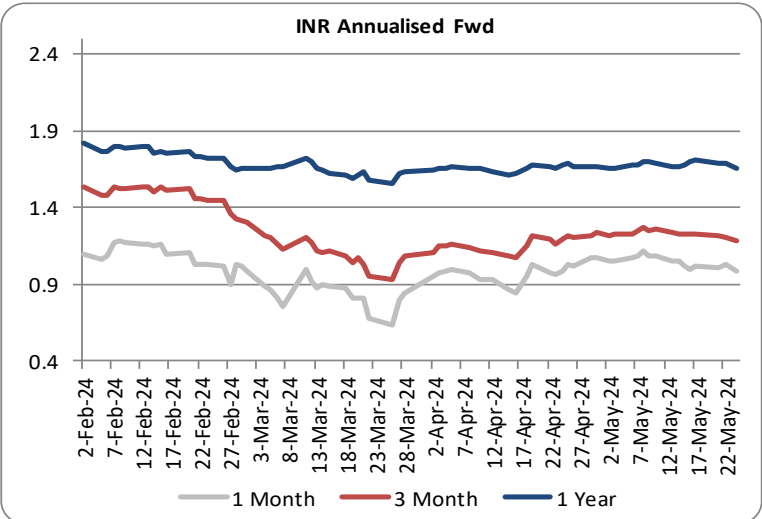
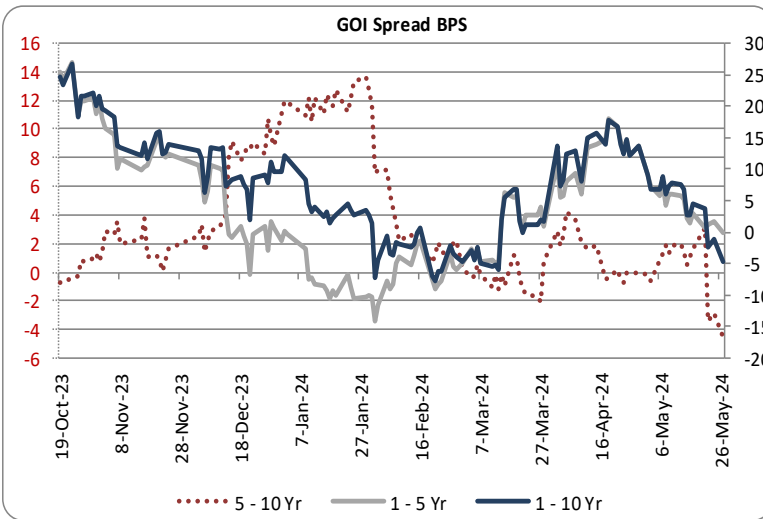
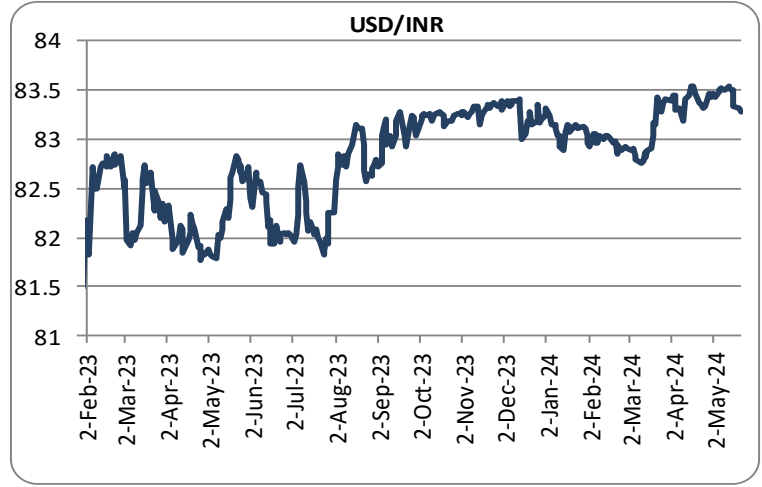
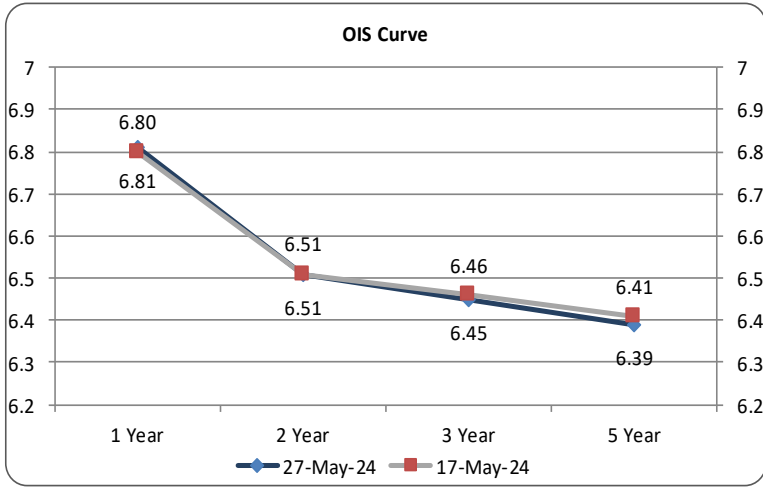
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
27-May-24	2020	1368	653

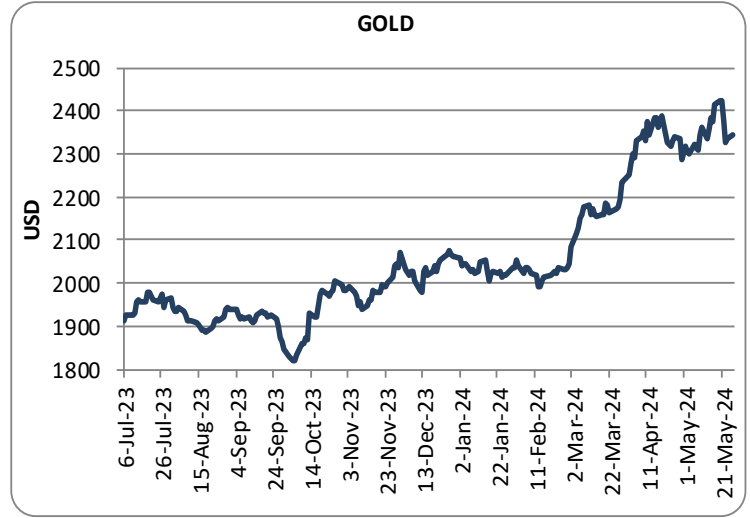
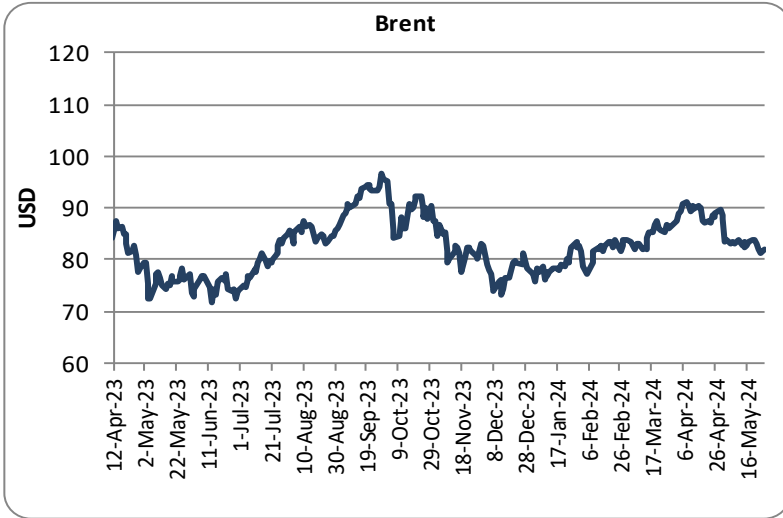
EQUITY	Gross Purchase	Gross Sales	Net Investment
	11235	12172	-937

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
13256	13540	-284

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-23	8.4	8.1
CAD (\$ Bn)	Dec-23	-10.5	-11.4
Trade Deficit (\$ Bn)	Dec-23	-71.6	-61.0
WPI (%)	Apr-24	1.3	0.5
CPI (%)	Apr-24	4.8	4.9
IIP (%)	Mar-24	4.9	5.6
PMI Manufacturing	Apr-24	58.8	59.1
PMI Service	Apr-24	60.8	61.2

Economic Calender	Country	Date	Poll	Prior
CPI	Australia	29-May-24	0	3.8
CPI	Germany	29-May-24	2.40	2.20
Unemployment rate	Euro Zone	30-May-24	6.50	6.50
Unemployment rate	Japan	31-May-24	2.60	2.60
GDP Quaterly	India	31-May-24	6.70	8.40
GDP Yearly	Brazil	04-Jun-24	-	2.10
Industrial Output	Brazil	05-Jun-24	-	(2.80)
Refinancing Rate	Euro Zone	06-Jun-24	-	4.50





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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