



BONDWATCH

Daily

September 27, 2023

INDIA

Indian government bond yields ended higher on Wednesday as the government stuck to its borrowing target for the fiscal second half, contrary to market expectations of lowering supply.

The 10-year benchmark 7.18% 2033 bond yield ended at 7.1704%, after closing at 7.1441% in the previous session. An unchanged borrowing calendar and quarter end closing saw some market participants cutting positions.

India maintained its plan to borrow 6.55 trillion rupees (\$78.73 billion) through bond issues in the months of October-March, in line with the budget, while some market participants had speculated a reduction in borrowing.

Meanwhile, India's first-ever issuance of 50-year government bonds and 30-year green bonds can be easily absorbed by insurance companies and provident funds, which are keen and have been looking for avenues to park long-term funds.

U.S. yields stayed elevated, with the 10-year yield trading above 4.50% on bets of higher-for-longer interest rates, and the benchmark Brent crude contract stayed near \$95 per barrel.

These factors have dented investors' appetite and broadly offset the bullishness from JPMorgan's inclusion of India in its emerging market debt index.

The Indian rupee strengthened 0.02% versus the U.S. dollar, and quoted at 83.22 per dollar, defying weakness among its Asian peers as the Reserve Bank of India likely sold dollars to prevent the rupee from falling to fresh lifetime lows.

Repo: The weighted average call rates in the interbank segment increased to 6.77% vs 6.73% as on the previous day while that the TREP segment increased to 6.77% vs 6.76% as on the previous day.

Market Observations

G-sec

- T-bill cut off was in line with market expectations and demand was seen in 3 and 6-month t-bill post cut off by Mutual Funds.
- 5.63 2026 dealt around 1000crs @7.22 centric level with major sellers being Mutual funds and banks.

Corporate Bonds

- Market was active in the 2026 segment with PSU bonds being actively traded.
- mutual funds were active on the buying as well as selling side whereas banks were active on the buying side.

CP/CD

- Activity was seen throughout all segments.

GOI Yield	27-Sep	26-Sep	20-Sep	30-Aug
1 Year	7.070	7.020	7.060	6.990
5 Year	7.177	7.170	7.153	7.181
10 Year	7.170	7.144	7.173	7.185

AAA Bmk	27-Sep	26-Sep	20-Sep	30-Aug
1 Year	7.52	7.50	7.55	7.45
5 Year	7.67	7.70	7.64	7.64
10 Year	7.62	7.67	7.62	7.62

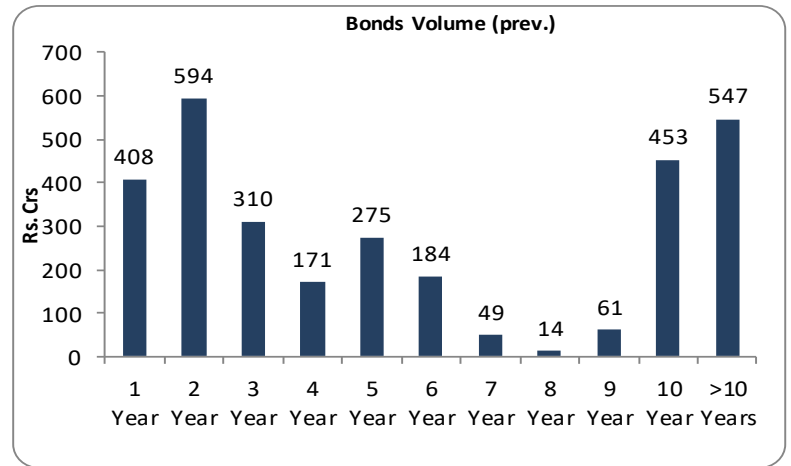
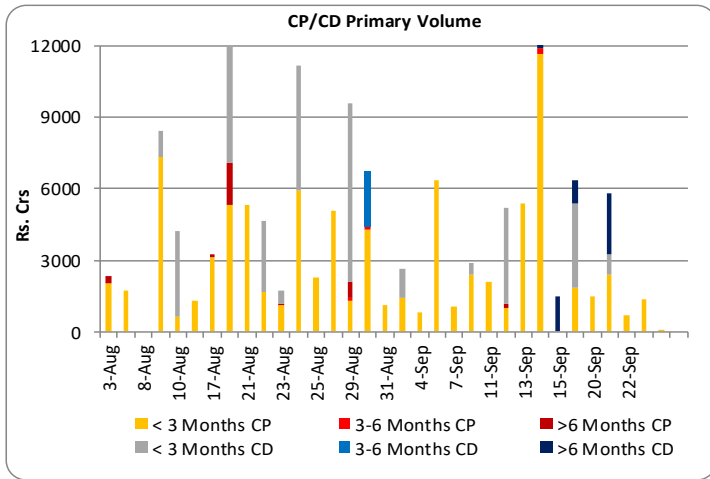
CD	27-Sep	26-Sep	20-Sep	30-Aug
3 Month	7.05	7.12	7.10	7.05
6 Month	7.20	7.30	7.25	7.25
1 Year	7.50	7.60	7.55	7.50

CP	27-Sep	26-Sep	20-Sep	30-Aug
3 Month	7.15	7.22	7.20	7.10
6 Month	7.30	7.40	7.35	7.35
1 Year	7.60	7.70	7.65	7.60

OIS Rate	27-Sep	26-Sep	20-Sep	30-Aug
1 Year	7.06	7.08	7.08	6.97
2 Year	6.81	6.84	6.84	6.68
3 Year	6.77	6.81	6.81	6.63
5 Year	6.75	6.78	6.78	6.57

	27-Sep	26-Sep	20-Sep	30-Aug
Sensex	66,119	65,945	66,801	65,087
Nifty	19,716	19,665	19,901	19,347
USD/INR	83.22	83.23	83.07	82.73
Gold (USD)	1,892	1,900	1,930	1,942
Oil (USD)	95.17	93.96	93.53	85.86

NDF	27-Sep	26-Sep	20-Sep	30-Aug
3 Month	83.60	83.62	83.40	83.05
1 Year	84.81	84.78	84.53	84.22
2 Year	87.01	86.89	86.69	86.36
3 Year	89.68	89.69	89.49	89.01



10 Year Benchmarks	27-Sep	26-Sep	20-Sep	30-Aug
India	7.17	7.15	7.15	7.19
US	4.51	4.56	4.35	4.12
South Korea	4.03	4.04	3.98	3.85
Russia	12.71	12.71	12.57	12.01
Brazil	11.79	11.79	11.33	10.98
Germany	2.78	2.80	2.70	2.54
China	2.72	2.72	2.68	2.59

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	6,560	#N/A	#N/A	#N/A	#N/A
7.06 2028	1,615	#N/A	#N/A	#N/A	#N/A
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	105	#N/A	#N/A	#N/A	7.23
6.64 2035	285	7.17	7.16	7.22	7.24
7.40 2035	455	7.20	7.18	7.24	7.23

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
21-Sep-23	5992	4574	1419

EQUITY	Gross Purchase	Gross Sales	Net Investment
	11379	13677	-2299

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
17371	18251	-880

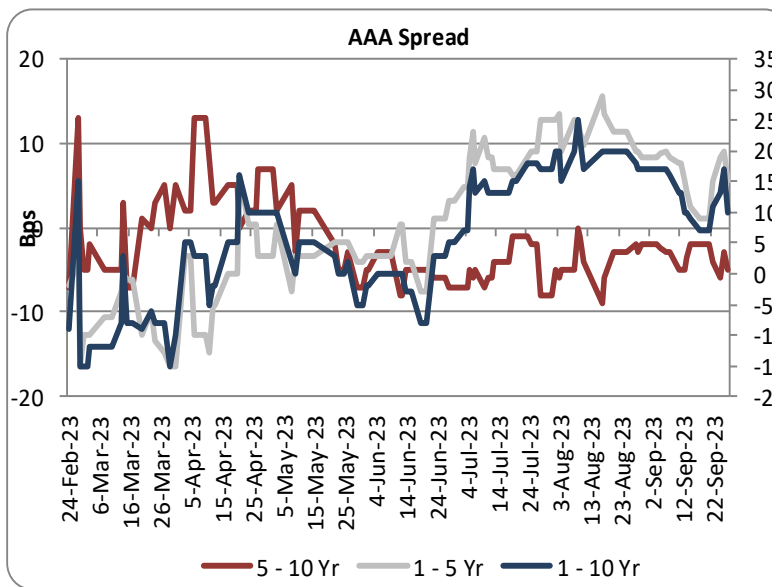
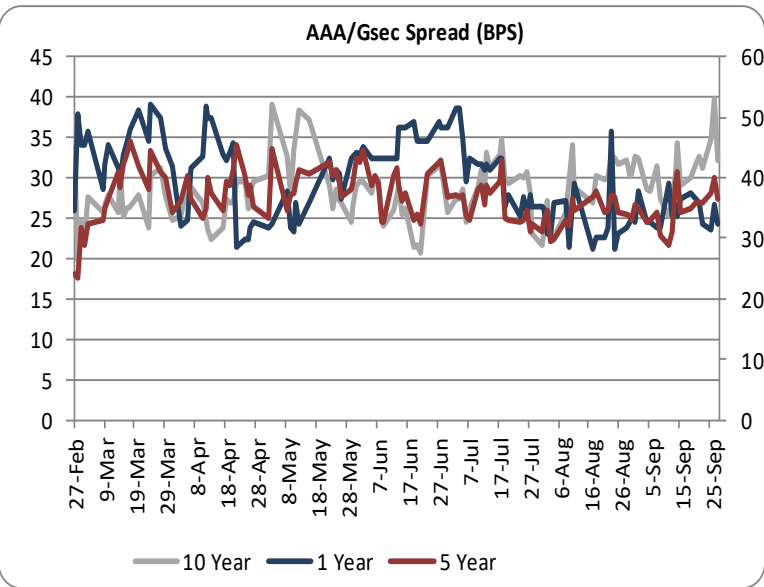
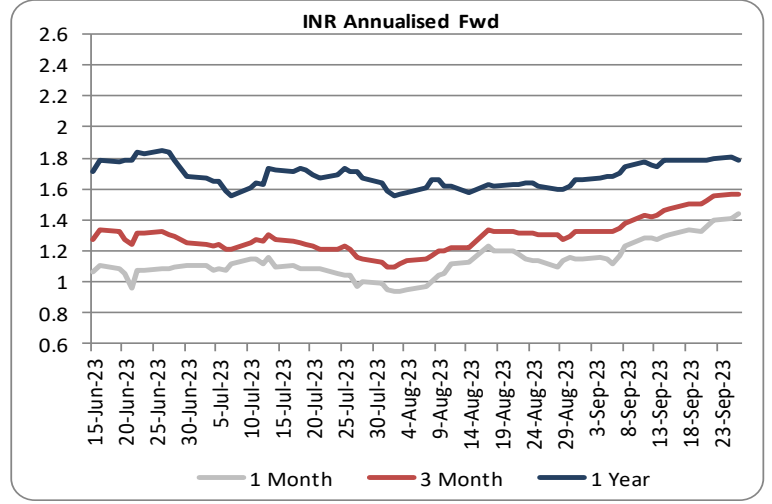
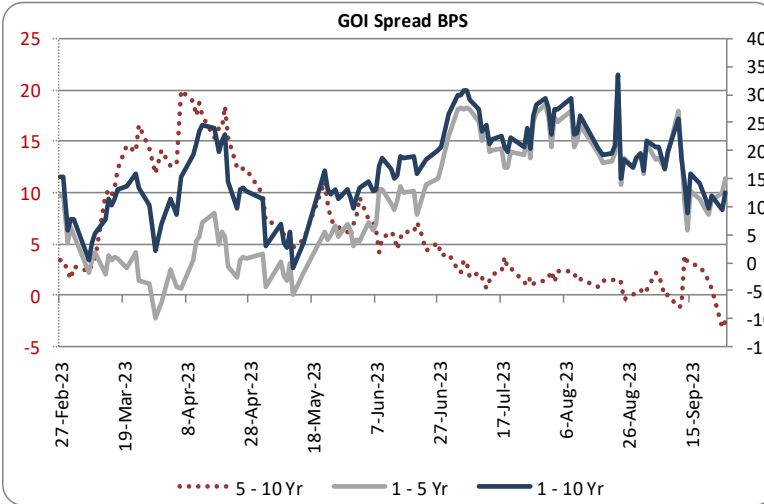
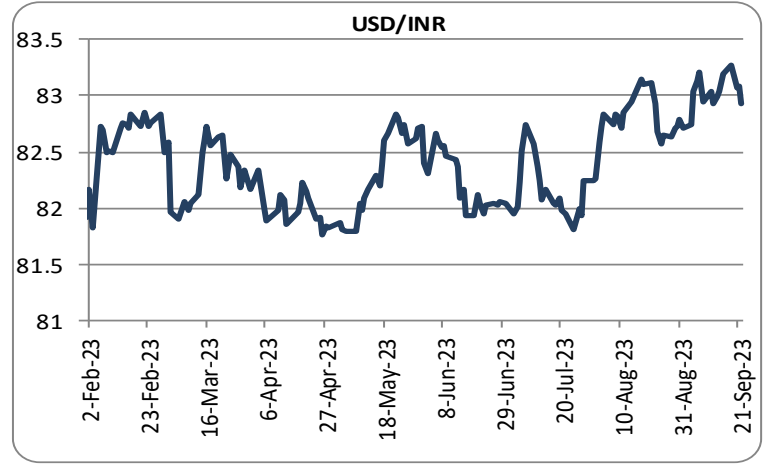
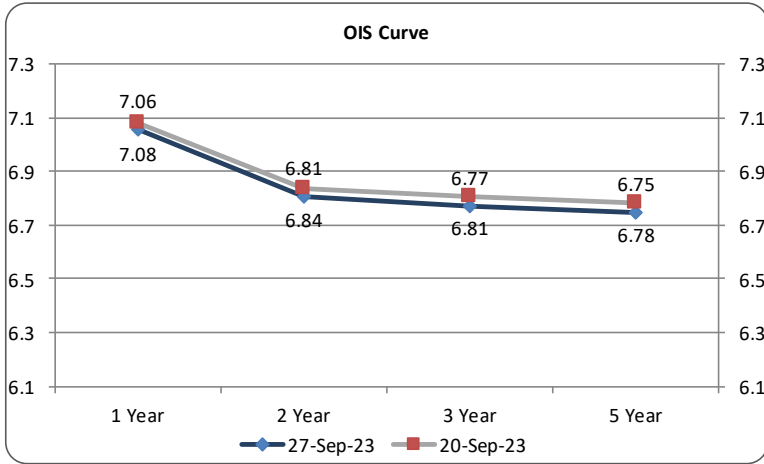
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
27-Sep-23	1005	556	449

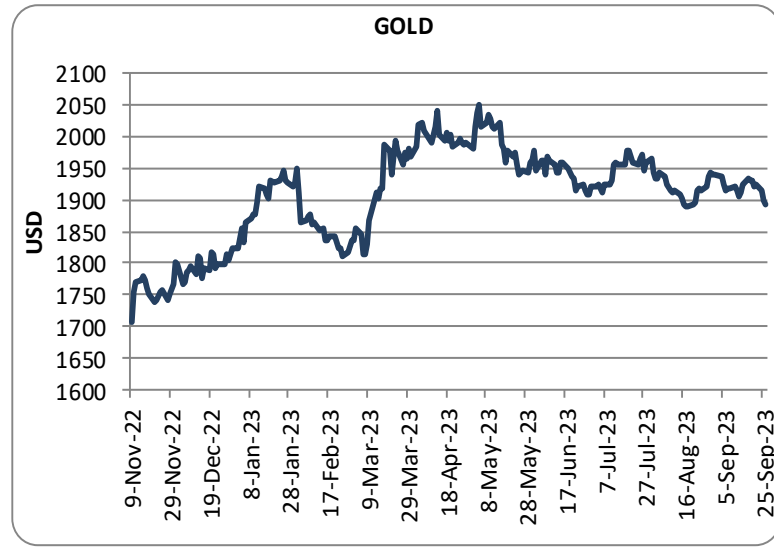
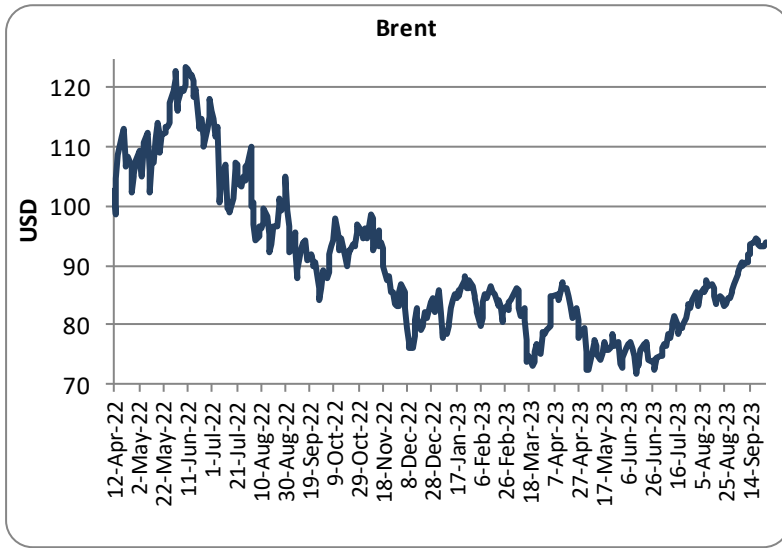
EQUITY	Gross Purchase	Gross Sales	Net Investment
	9406	9269	138

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
10411	9825	587

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Aug-23	-0.5	-1.4
CPI (%)	Aug-23	6.8	7.4
IIP (%)	Jul-23	5.7	3.7
PMI Manufacturing	Aug-23	58.6	57.7
PMI Service	Aug-23	60.1	62.3

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	22-Sep-23	0	3.3
Retail Sales	UK	22-Sep-23	(1.20)	(3.20)
BOJ Rate Decision	Japan	22-Sep-23	(0.10)	(0.10)
CPI	Germany	28-Sep-23	-	6.10
Unemployment Rate	Japan	29-Sep-23	-	2.70
Unemployment Rate	Euro Zone	02-Oct-23	-	6.40
Inflation	Indonesia	2nd - 6th Oct	-	3.27
Unemployment rate	Canada	2rd - 9th Oct	-	5.50





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

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

The information in this document has been printed based on publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand, or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.

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

Visit our website - <http://www.lkpsec.com/>