



BONDWATCH

Daily

June 28, 2023

INDIA

Indian government bond yields ended largely unchanged for the third consecutive session on Wednesday amid a lack of fresh cues, with traders staying on the sidelines before a holiday and quarter end.

However, long-duration liquid government bond yields dipped briefly during the session as traders covered short positions on some speculations that one of the global rating agencies may upgrade India's rating. Indian markets will remain shut on Thursday for Eid.

The benchmark 7.26% 2033 bond yield ended at 7.0575%, after closing at 7.0611% in the previous session.

The Reserve Bank India maintained the status quo on its key interest rate for a second straight meeting in June but hinted at tightened monetary conditions for some time to clamp down inflation to its 4% target.

The Fed also kept the U.S. interest rates unchanged but warned of a half-percentage point hike in 2023, while Chair Jerome Powell said rates could go higher. The odds of a rate hike in July stand at around 74%.

Post the hawkish commentary from policymakers of both the central banks, market sentiment has turned subdued, with bets of rate cuts getting pushed back.

Foreign investors have also turned net sellers of government bonds for June, as they indulged in cutting positions after RBI's hawkish tilt to monetary policy.

The Indian rupee weakened 0.04% versus the U.S. dollar, and quoted at 82.05 per dollar amid U.S. data that supported more Federal Reserve rate hikes and improving external dynamics.

Repo: The weighted average call rates in the interbank segment increased to 6.87% vs 6.82% as on the previous day while that the TREP segment remained the same at 6.76% vs 6.76% as on the previous day.

GOI Yield	28-Jun	27-Jun	21-Jun	29-May
1 Year	6.850	6.860	6.900	6.900
5 Year	7.019	7.011	7.003	6.969
10 Year	7.058	7.061	7.068	7.030

AAA Bmk	28-Jun	27-Jun	21-Jun	29-May
1 Year	7.45	7.47	7.48	7.45
5 Year	7.57	7.56	7.45	7.47
10 Year	7.50	7.50	7.40	7.40

CD	28-Jun	27-Jun	21-Jun	29-May
3 Month	6.95	6.95	6.90	7.00
6 Month	7.20	7.20	7.12	7.25
1 Year	7.45	7.45	7.45	7.45

CP	28-Jun	27-Jun	21-Jun	29-May
3 Month	7.10	7.10	7.00	7.10
6 Month	7.30	7.30	7.25	7.35
1 Year	7.55	7.55	7.52	7.55

OIS Rate	28-Jun	27-Jun	21-Jun	29-May
1 Year	6.69	6.70	6.68	6.57
2 Year	6.38	6.38	6.38	6.24
3 Year	6.28	6.30	6.29	6.13
5 Year	6.22	6.25	6.21	6.09

	28-Jun	27-Jun	21-Jun	29-May
Sensex	63,915	63,416	63,523	62,846
Nifty	18,972	18,817	18,857	18,599
USD/INR	82.06	82.03	82.04	82.63
Gold (USD)	1,907	1,913	1,932	1,943
Oil (USD)	72.24	72.26	77.12	77.07

NDF	28-Jun	27-Jun	21-Jun	29-May
3 Month	82.28	82.23	82.18	82.92
1 Year	83.43	83.42	83.25	83.99
2 Year	85.54	85.52	85.38	86.17
3 Year	88.32	88.17	88.03	89.02

Market Observations

G-sec

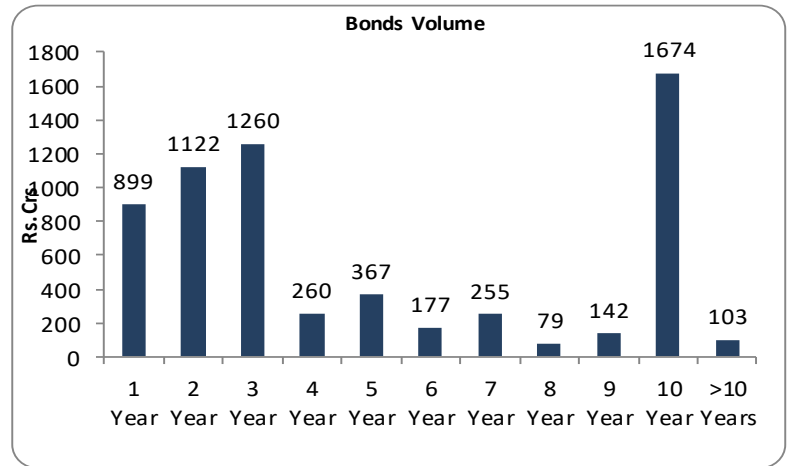
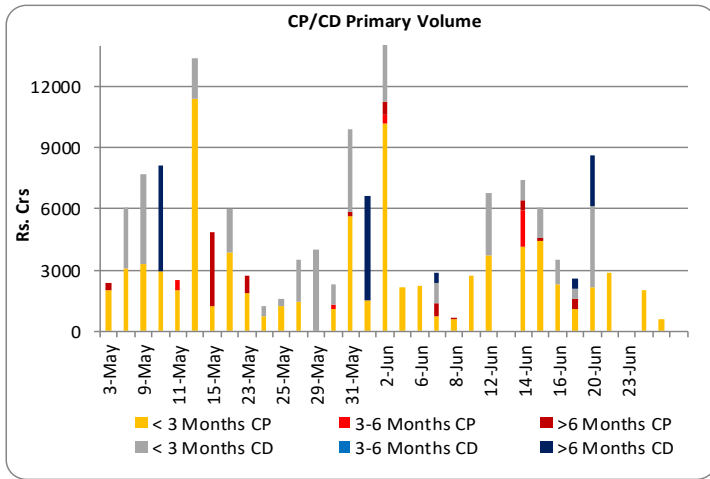
- Demand was seen in 8 to 12-year illiquid G-sec by banks and life insurance companies.
- T-bill cut off was in line with market expectation in 3M segment but almost 3bps better in 6M and 1-year segment.

Corporate Bonds

- Mutual funds and insurances were active in the 2024-2026 segment.

CP/CD

- Demand was seen across all the segments.



10 Year Benchmarks	28-Jun	27-Jun	21-Jun	29-May
India	7.06	7.06	7.07	7.02
US	3.74	3.77	3.72	3.82
South Korea	3.61	3.60	3.62	3.64
Russia	11.09	11.08	11.01	10.72
Brazil	10.98	10.96	11.06	11.60
Germany	2.32	2.37	2.43	2.43
China	2.70	2.70	2.71	2.73

Top Traded Securities	Volume	28-Jun	27-Jun	21-Jun	29-May
5.74 2026	565	7.00	7.01	#N/A	6.59
7.38 2027	70	7.02	7.01	7.00	6.97
7.10 2029	85	7.06	7.06	7.04	7.01
6.54 2032	90	7.10	7.11	7.11	7.08
7.26 2032	#VALUE!	7.10	7.10	7.10	7.07
7.54 2036	-	7.18	7.19	7.18	7.12

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
23-Jun-23	4553	4596	-43

EQUITY	Gross Purchase	Gross Sales	Net Investment
	8632	7848	784

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
13185	12444	740

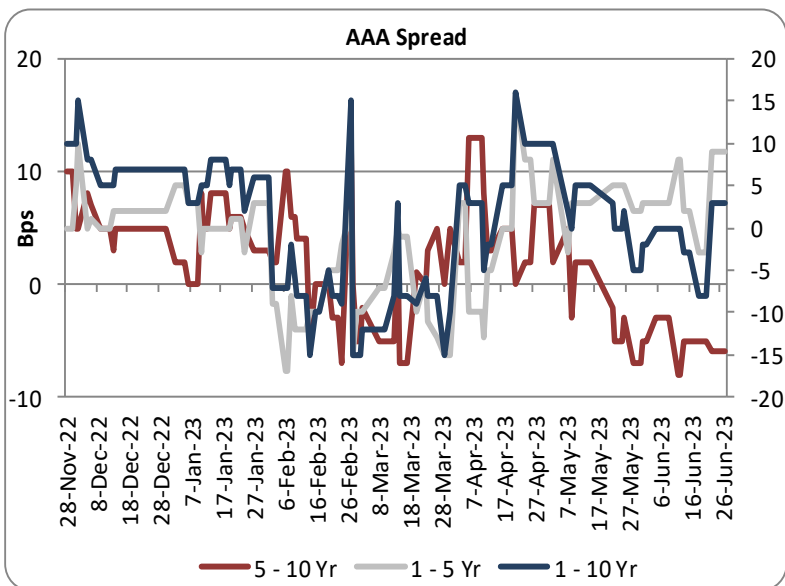
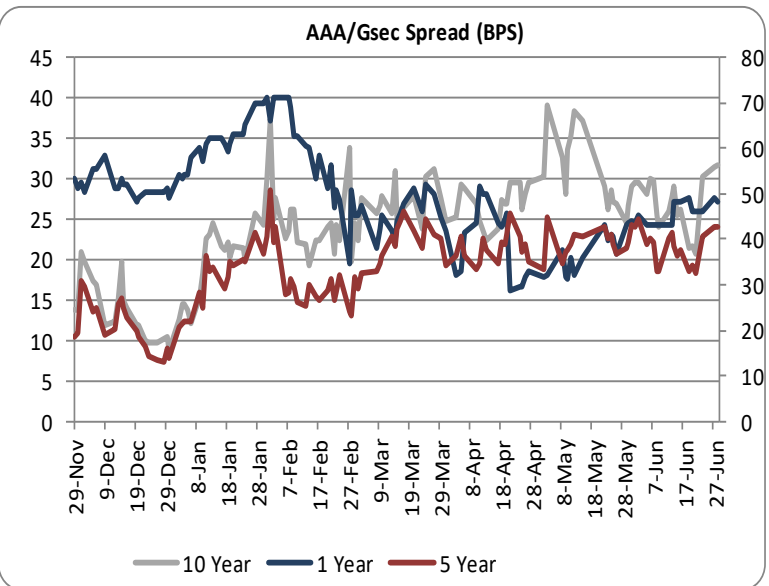
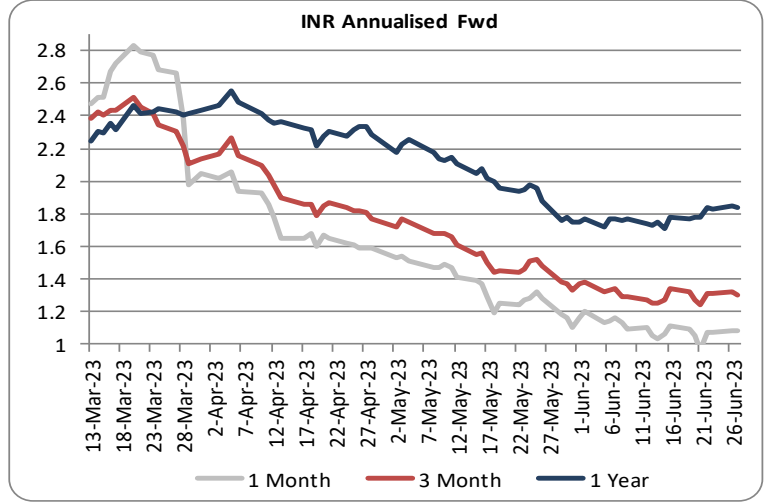
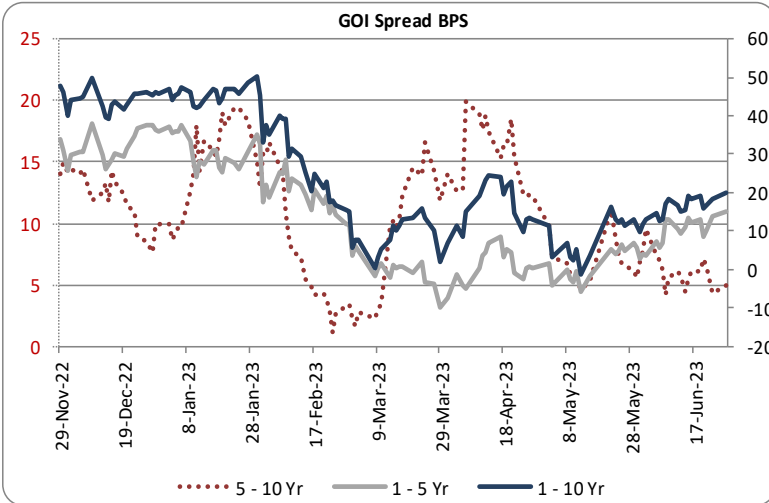
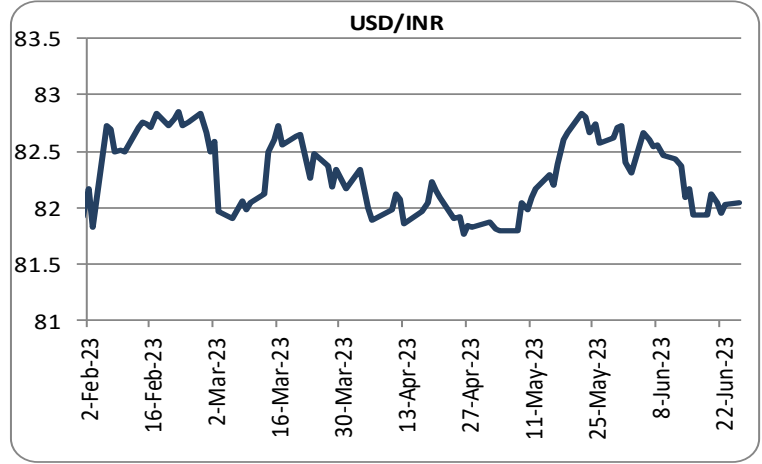
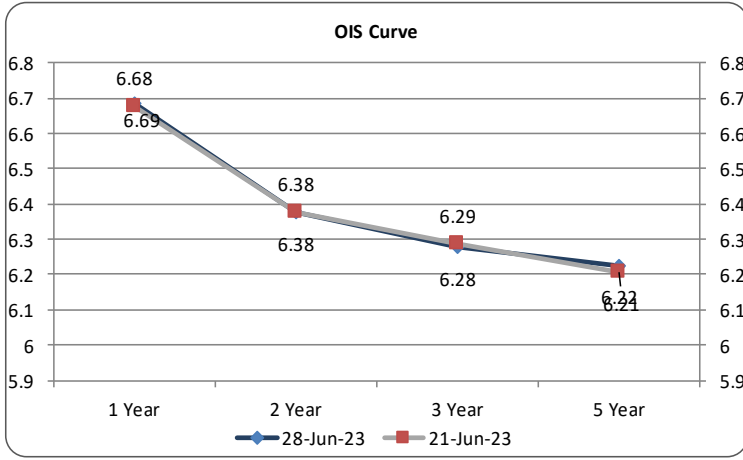
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
28-Jun-23	398	2253	-1855

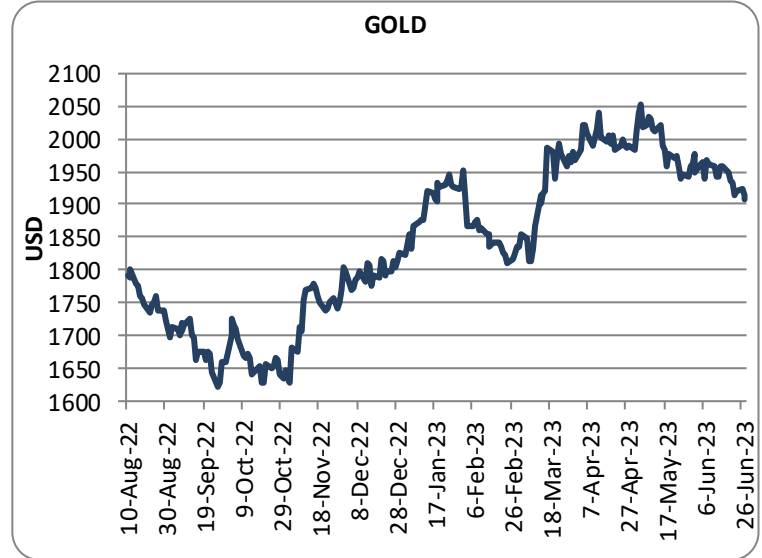
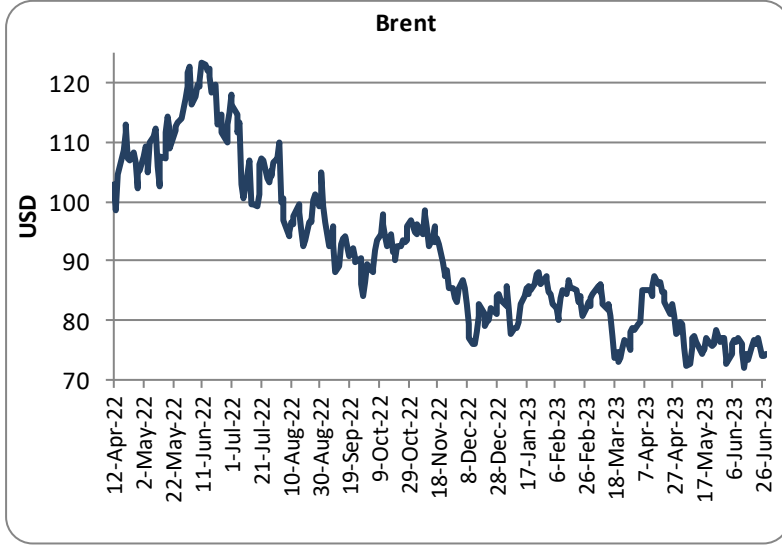
EQUITY	Gross Purchase	Gross Sales	Net Investment
	10097	8266	1831

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
10495	10519	-25

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 (%)	May-23	-3.5	-0.9
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	May-23	58.7	57.2
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
CPI	UK	21-Jun-23	8.5	8.7
Bank Rate	UK	22-Jun-23	4.75	4.50
CPI	Japan	23-Jun-23	-	3.50
Retail Sales	UK	23-Jun-23	(2.30)	(3.00)
Retail Sales	Japan	29-Jun-23	-	5.10
GDP Q1	USA	29-Jun-23	1.30	1.30
Industrial Output	South Korea	30-Jun-23	-	(8.90)
CPI	Japan	30-Jun-23	-	3.20





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

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