



# BONDWATCH

Daily

March 28, 2024

INDIA

Indian government bond yields ended the financial year lower as the government's planned borrowing from the market in the first half was sharply lower than estimated, improving investor sentiment.

The benchmark 10-year bond yield ended at 7.0556%, following its previous close of 7.0927%. The yield fell 26 basis points (bps) this fiscal.

The benchmark bond yield posted its fifth consecutive monthly fall and is down by 30 bps for the November-March period. The yield declined 12 bps for the second straight quarter.

Indian Government aims to borrow 7.50 trillion rupees (\$89.97 billion) through a bond sale in April-September, which is 53% of the annual borrowing target. The market had pegged a much higher figure. The government will also borrow 3.21 trillion rupees via the sale of Treasury bills in April-June, which is also below market expectations.

The Reserve Bank of India's (RBI) monetary policy outcome, due next week, will provide further cues to the market. The central bank has kept its key rate unchanged for six consecutive meetings and reiterated its commitment to meet the 4% inflation target on a sustainable basis.

Oil prices firmed on Thursday, following two consecutive sessions of decline, as investors saw a tighter supply outlook ahead.

The Indian rupee weakened 0.03% versus the U.S. dollar, and quoted at 83.40 per dollar, pressured by weak Asian peers and strong dollar demand from local companies. The rupee fell 1.5% in the financial year ending March 31.

Repo: The weighted average call rates in the interbank segment increased to 7.63% vs 6.64% as on the previous day while that the TREP segment increased to 6.99% vs 6.66% as on the previous day.

| GOI Yield | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|-----------|--------|--------|--------|--------|
| 1 Year    | 7.040  | 7.050  | 7.050  | 7.105  |
| 5 Year    | 7.049  | 7.090  | 7.060  | 7.044  |
| 10 Year   | 7.056  | 7.069  | 7.048  | 7.066  |

| AAA Bmk | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|---------|--------|--------|--------|--------|
| 1 Year  | 7.78   | 7.87   | 7.87   | 7.90   |
| 5 Year  | 7.58   | 7.63   | 7.61   | 7.65   |
| 10 Year | 7.48   | 7.53   | 7.53   | 7.57   |

| CD      | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|---------|--------|--------|--------|--------|
| 3 Month | 7.55   | 7.70   | 7.60   | 7.70   |
| 6 Month | 7.65   | 7.75   | 7.75   | 7.75   |
| 1 Year  | 7.60   | 7.70   | 7.65   | 7.75   |

| CP      | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|---------|--------|--------|--------|--------|
| 3 Month | 7.85   | 7.85   | 7.80   | 7.80   |
| 6 Month | 7.90   | 7.90   | 7.90   | 7.85   |
| 1 Year  | 7.85   | 7.85   | 7.85   | 7.90   |

| OIS Rate | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|----------|--------|--------|--------|--------|
| 1 Year   | 6.74   | 6.75   | 6.75   | 6.73   |
| 2 Year   | 6.44   | 6.45   | 6.46   | 6.42   |
| 3 Year   | 6.39   | 6.40   | 6.41   | 6.37   |
| 5 Year   | 6.33   | 6.35   | 6.37   | 6.35   |

|            | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|------------|--------|--------|--------|--------|
| Sensex     | 73,651 | 72,996 | 72,641 | 72,305 |
| Nifty      | 22,327 | 22,124 | 22,012 | 21,951 |
| USD/INR    | 83.40  | 83.37  | 83.15  | 82.92  |
| Gold (USD) | 2,211  | 2,194  | 2,181  | 2,035  |
| Oil (USD)  | 87.20  | 86.09  | 85.78  | 83.68  |

| NDF     | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|---------|--------|--------|--------|--------|
| 3 Month | 83.58  | 83.49  | 83.30  | 83.05  |
| 1 Year  | 84.75  | 84.69  | 84.55  | 84.27  |
| 2 Year  | 86.74  | 86.74  | 86.70  | 86.37  |
| 3 Year  | 89.63  | 89.40  | 89.17  | 88.82  |

## Market Observations

### G-sec

- Market opened positive as 10year benchmark hit 7.03 mark as the 2024 2025 H1 supply was less than anticipated.

- Demand was seen in 8 to 10-year SDL @7.35 centric levels by Mutual funds and Corporates. Major sellers were life insurance companies.

### Corporate Bonds

- Activity was seen in the longer segment wherein banks were sellers and insurance companies were buyers as well as sellers.

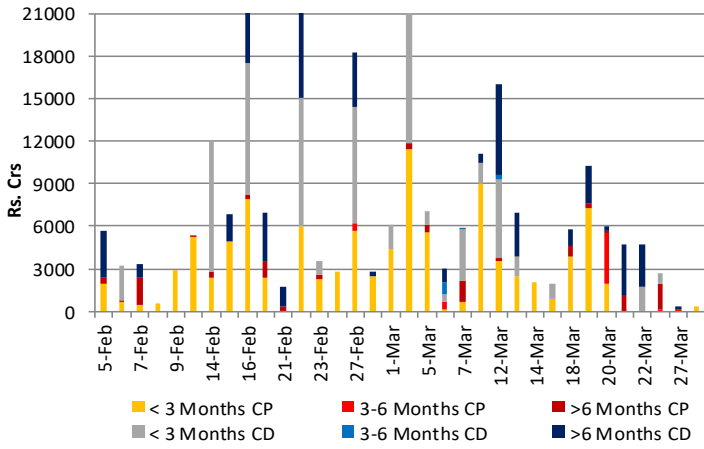
- Mutual funds were active in the 2025-2029 segment.

### CP/CD

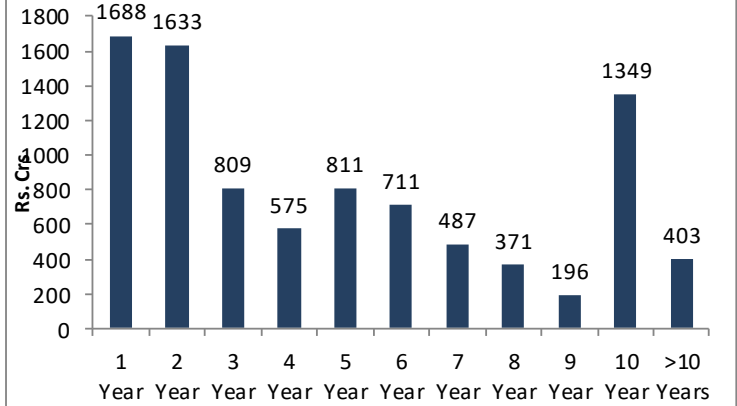
- Major activity was seen in the shorter to 3-month segment.



CP/CD Primary Volume



Bonds Volume (prev.)



| 10 Year Benchmarks | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|--------------------|--------|--------|--------|--------|
| India              | 7.06   | 7.07   | 7.05   | 7.07   |
| US                 | 4.22   | 4.20   | 4.27   | 4.27   |
| South Korea        | 3.38   | 3.38   | 3.41   | 3.44   |
| Russia             | 13.82  | 13.78  | 13.84  | 12.78  |
| Brazil             | 10.93  | 10.93  | 10.92  | 10.85  |
| Germany            | 2.32   | 2.29   | 2.40   | 2.46   |
| China              | 2.24   | 2.31   | 2.29   | 2.38   |

| Top Traded Securities | Volume | 28-Mar | 27-Mar | 21-Mar | 28-Feb |
|-----------------------|--------|--------|--------|--------|--------|
| 7.26 2033             | 685    | 7.09   | 7.11   | 7.09   | 7.09   |
| 7.06 2028             | 755    | 7.06   | 7.10   | 7.07   | 7.06   |
| 7.62 2039             | -      | 7.09   | 7.11   | 7.09   | 7.10   |
| 7.30 2053             | 755    | 7.13   | 7.16   | 7.14   | 7.15   |
| 6.64 2035             | 80     | 7.10   | 7.13   | 7.14   | 7.12   |
| 7.40 2035             | 235    | 7.08   | 7.15   | 7.14   | 7.12   |

| MF        | DEBT           |             |                |
|-----------|----------------|-------------|----------------|
|           | Gross Purchase | Gross Sales | Net Investment |
| 19-Mar-24 | 13187          | 7256        | 5931           |

|           | EQUITY         |             |                |
|-----------|----------------|-------------|----------------|
|           | Gross Purchase | Gross Sales | Net Investment |
| 19-Mar-24 | 21461          | 21198       | 264            |

|           | TOTAL (Rs.Crs) |             |                |
|-----------|----------------|-------------|----------------|
|           | Gross Purchase | Gross Sales | Net Investment |
| 19-Mar-24 | 34649          | 28454       | 6195           |

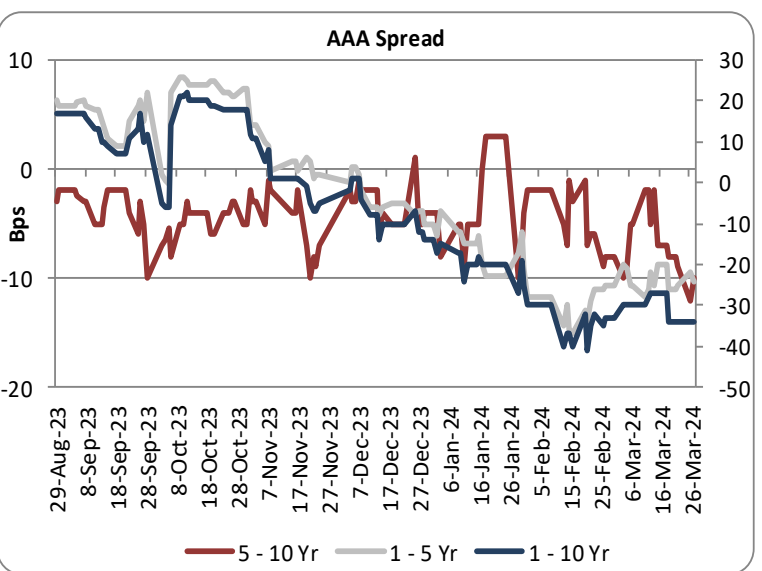
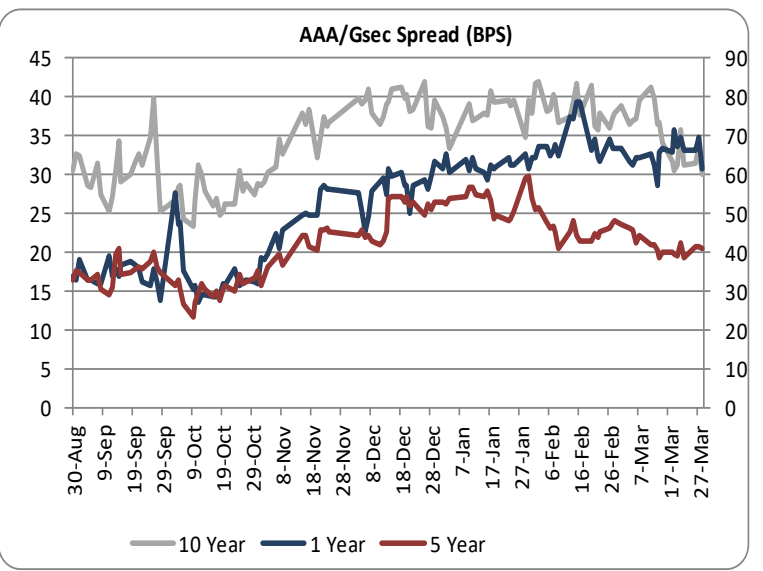
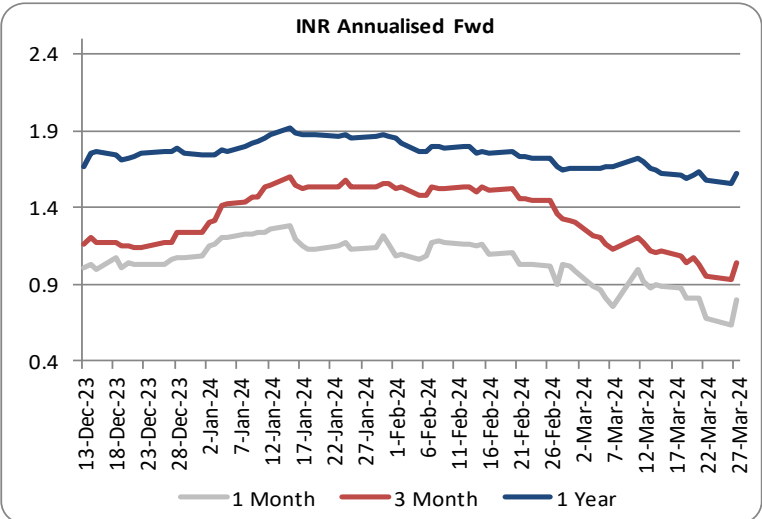
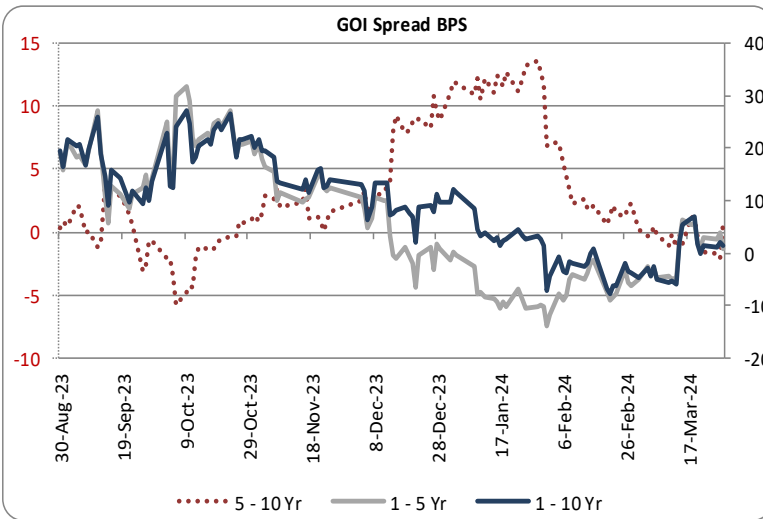
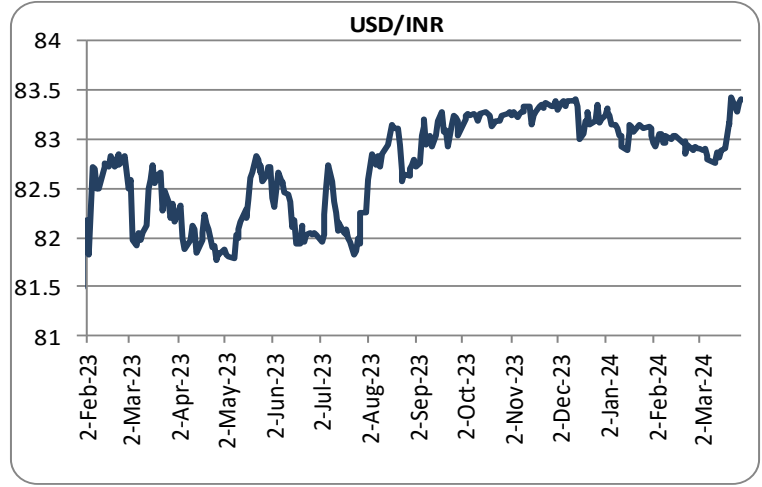
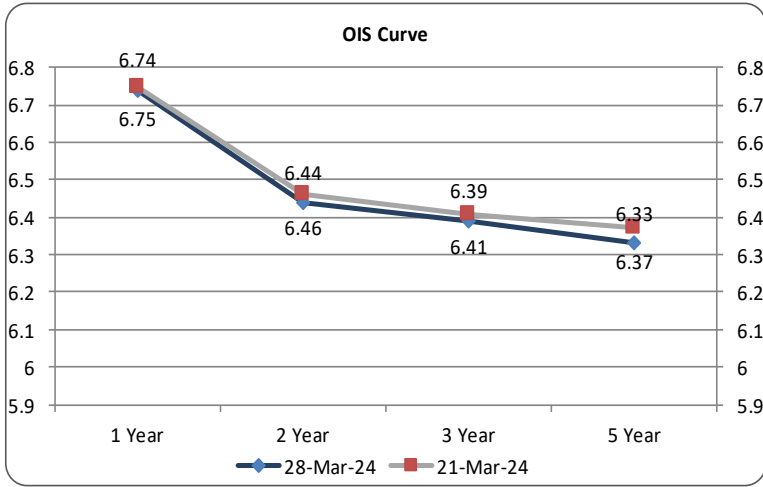
| FII       | DEBT           |             |                |
|-----------|----------------|-------------|----------------|
|           | Gross Purchase | Gross Sales | Net Investment |
| 28-Mar-24 | 3517           | 2076        | 1441           |

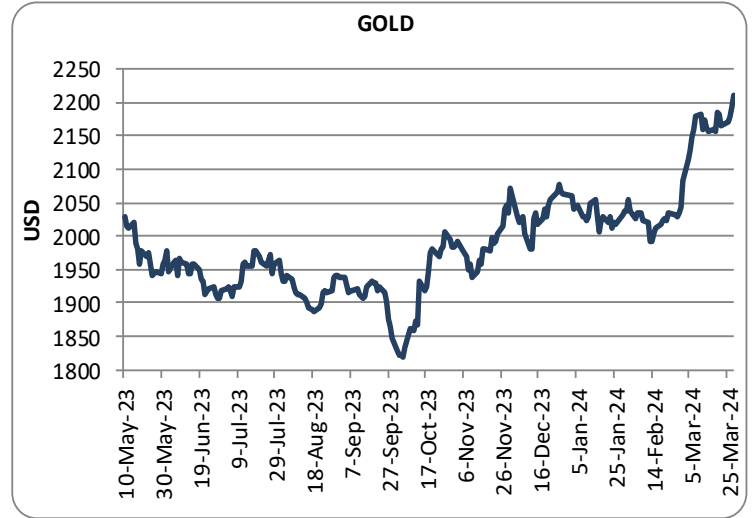
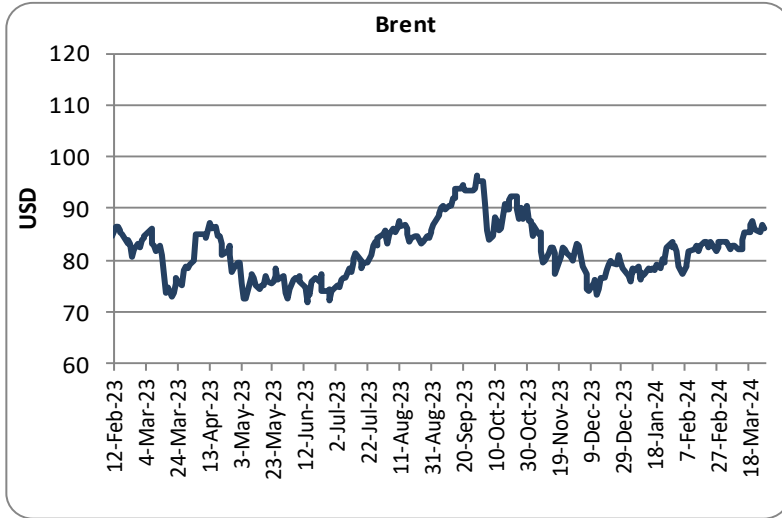
|           | EQUITY         |             |                |
|-----------|----------------|-------------|----------------|
|           | Gross Purchase | Gross Sales | Net Investment |
| 28-Mar-24 | 19965          | 15922       | 4043           |

|           | TOTAL (Rs. Crs) |             |                |
|-----------|-----------------|-------------|----------------|
|           | Gross Purchase  | Gross Sales | Net Investment |
| 28-Mar-24 | 23482           | 17998       | 5484           |

| 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 (%)               | Feb-24 | 0.2    | 0.3   |
| CPI (%)               | Feb-24 | 5.1    | 5.1   |
| IIP (%)               | Jan-24 | 3.8    | 4.2   |
| PMI Manufacturing     | Feb-24 | 56.9   | 56.5  |
| PMI Service           | Feb-24 | 60.6   | 61.8  |

| Economic Calender     | Country   | Date      | Poll     | Prior    |
|-----------------------|-----------|-----------|----------|----------|
| CPI                   | UK        | 20-Mar-24 | 3.5      | 4        |
| Fed funds target rate | USA       | 20-Mar-24 | 5.25-5.5 | 5.25-5.5 |
| Unemployment rate     | Australia | 21-Mar-24 | 4.00     | 4.10     |
| BOE Bank Rate         | UK        | 21-Mar-24 | 5.25     | 5.25     |
| Retail Sales          | UK        | 22-Mar-24 | (0.70)   | 0.70     |
| Unemployment rate     | Japan     | 29-Mar-24 | -        | 2.40     |
| CPI                   | Germany   | 02-Apr-24 | -        | 2.50     |
| CPI                   | Euro Zone | 03-Apr-24 | -        | 2.60     |





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

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