



BONDWATCH

INDIA

Daily

August 29, 2023

Indian government bond yields ended largely flat on Tuesday as a lack of fresh triggers kept investors off big bets in a broadly cautious environment.

The benchmark 7.26% 2033 bond yield ended at 7.1880% after closing the previous session at 7.1799%.

Bond yields eased earlier in the day as U.S. yields continued their downward trend, with the 10-year yield pulling back from near 16-year highs hit last week.

The 10-year yield was trading at 4.20%, with investors awaiting key U.S. data, which includes the non-farm payrolls report for August on Friday. That data is expected to provide more clarity on possible rate related action from the Federal Reserve in September.

Yields eased even as Fed Chair Jerome Powell said the U.S. central bank may need to raise rates further to cool still-too-high inflation. The odds of a rate hike in September continue to remain around 20%.

At home, India's banking system got surplus liquidity after slipping into a deficit last week. The next major trigger would be the central bank's decision on maintenance of incremental cash reserve ratio.

India's retail inflation spiked to a 15-month high of 7.44% in July from 4.87% in June and traders expect the next reading to also remain elevated.

Oil prices crept up on Tuesday as supply concerns from a hurricane hurtling towards the U.S. Gulf Coast was priced in.

The Indian rupee weakened 0.09% versus the U.S. dollar, and quoted at 82.71 per dollar, as dollar buying by oil companies and large importers pressured the local unit during the session, wiping out early gains.

Repo: The weighted average call rates in the interbank segment increased to 6.75% vs 6.74% as on the previous day while that the TREP segment remained the same at 6.75% vs 6.75% as on the previous day.

GOI Yield	29-Aug	28-Aug	22-Aug	28-Jul
1 Year	7.000	7.010	7.010	6.880
5 Year	7.184	7.180	7.204	7.149
10 Year	7.188	7.180	7.220	7.161

AAA Bmk	29-Aug	28-Aug	22-Aug	28-Jul
1 Year	7.45	7.45	7.45	7.35
5 Year	7.65	7.65	7.68	7.60
10 Year	7.62	7.63	7.65	7.52

CD	29-Aug	28-Aug	22-Aug	28-Jul
3 Month	0.00	7.05	7.05	6.95
6 Month	0.00	7.25	7.30	7.20
1 Year	0.00	7.50	7.50	7.45

CP	29-Aug	28-Aug	22-Aug	28-Jul
3 Month	7.10	7.10	7.20	7.10
6 Month	7.35	7.35	7.40	7.30
1 Year	7.60	7.60	7.60	7.55

OIS Rate	29-Aug	28-Aug	22-Aug	28-Jul
1 Year	6.98	6.99	7.00	6.87
2 Year	6.67	6.69	6.77	6.64
3 Year	6.63	6.64	6.73	6.53
5 Year	6.57	6.59	6.69	6.50

	29-Aug	28-Aug	22-Aug	28-Jul
Sensex	65,076	64,997	65,220	66,160
Nifty	19,343	19,306	19,396	19,646
USD/INR	82.71	82.63	82.94	82.25
Gold (USD)	1,918	1,920	1,897	1,959
Oil (USD)	85.12	84.42	84.03	84.99

NDF	29-Aug	28-Aug	22-Aug	28-Jul
3 Month	83.06	82.98	83.36	82.53
1 Year	84.14	84.10	84.45	83.62
2 Year	86.16	86.10	86.60	85.72
3 Year	89.17	88.75	89.25	88.39

Market Observations

G-sec

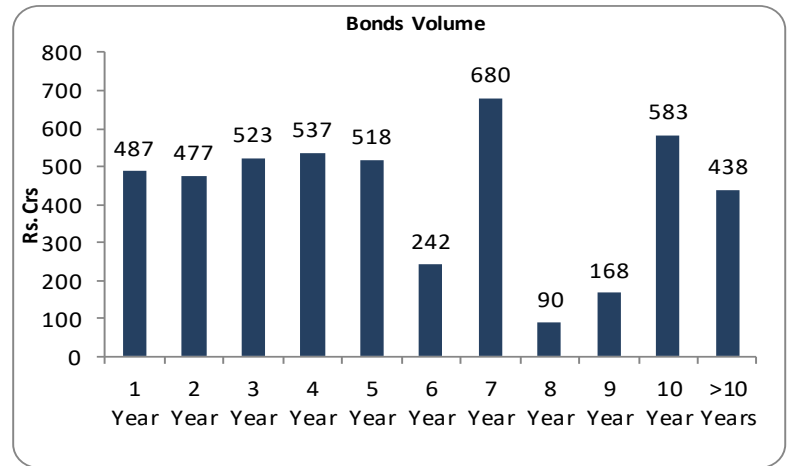
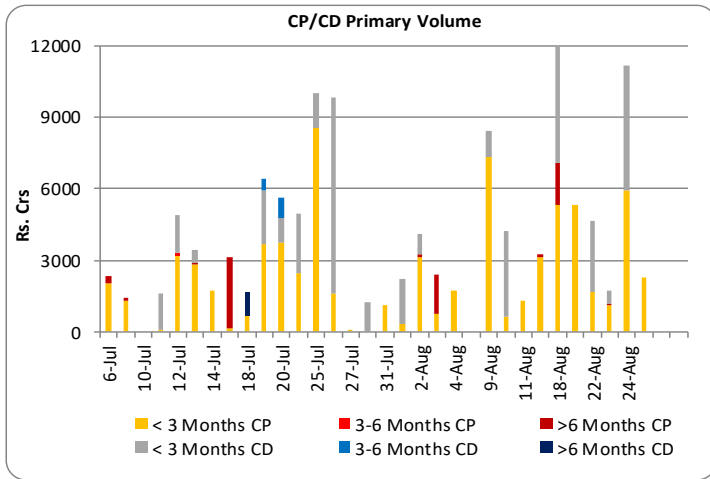
- Demand was seen in 2026 maturity SDLs by Mutual funds @7.38 levels.
- Demand was seen in 3M G-sec @6.8250 levels.
- SDL cut-off was in line with market expectations.

Corporate Bonds

- Mutual funds were active in the 2025-2026-year segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	29-Aug	28-Aug	22-Aug	28-Jul
India	7.19	7.18	7.22	7.12
US	4.21	4.21	4.33	3.97
South Korea	3.83	3.87	3.99	3.64
Russia	12.01	11.99	11.79	11.46
Brazil	11.10	11.10	11.23	10.92
Germany	2.56	2.57	2.66	2.46
China	2.60	2.60	2.56	2.69

Top Traded Securities	Volume	25-Aug	24-Aug	18-Aug	27-Jul
7.26 2033	18,000	7.21	7.19	7.21	7.12
7.06 2028	1,575	7.29	7.28	7.36	7.26
7.62 2039	-	7.22	7.19	7.25	7.16
7.30 2053	1,015	7.26	7.25	7.28	7.18
6.64 2035	615	7.26	7.25	7.28	7.19
7.40 2035	70	7.26	7.25	7.28	7.18

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
23-Aug-23	5219	4778	441

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	8538	8569	-31

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	13757	13346	410

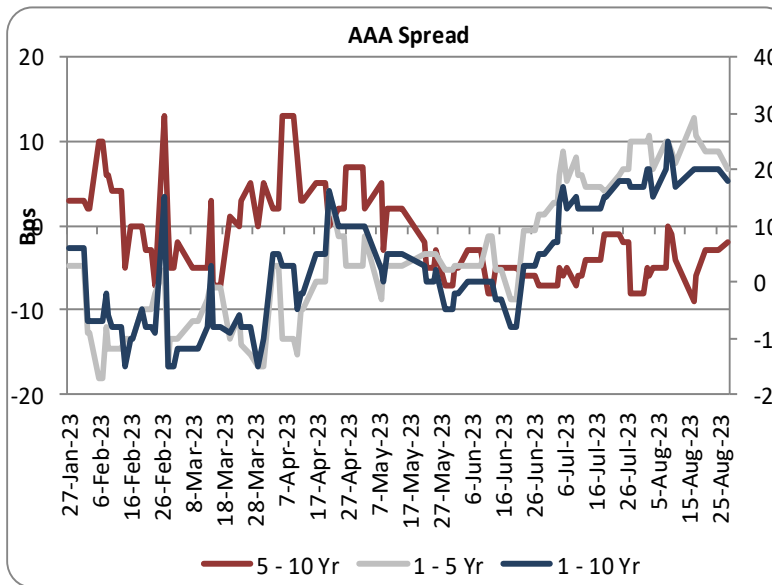
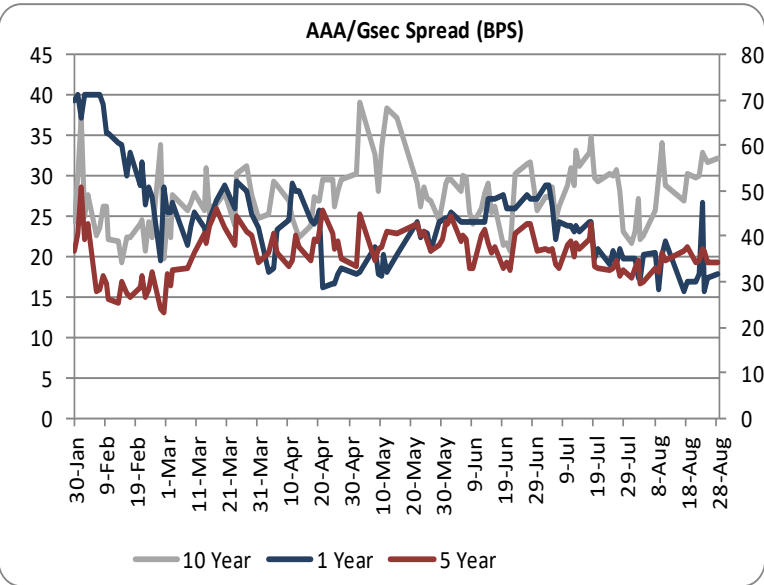
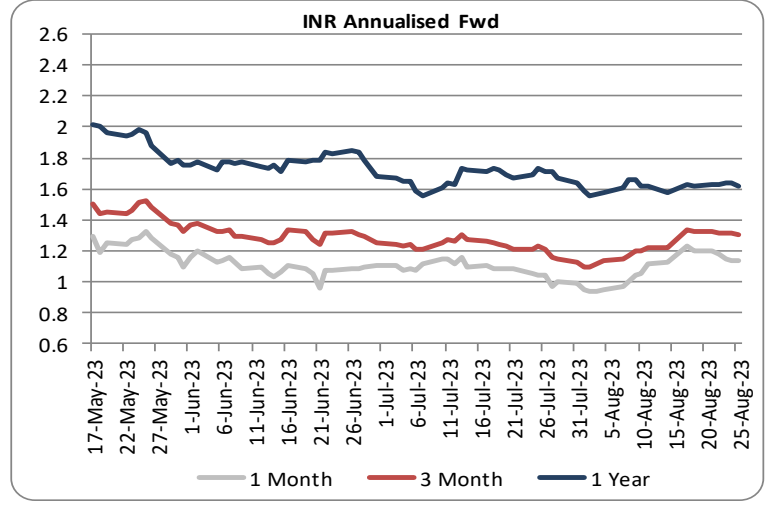
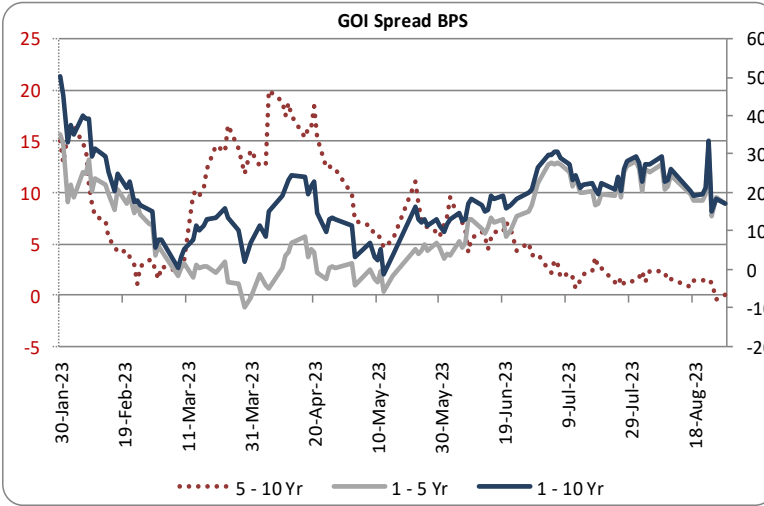
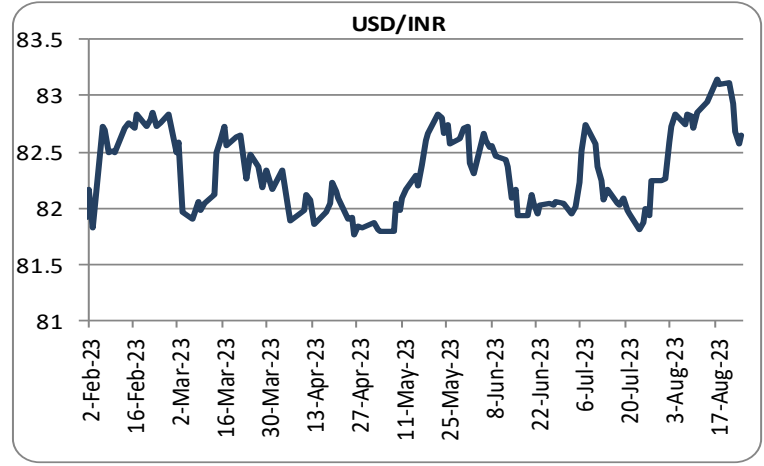
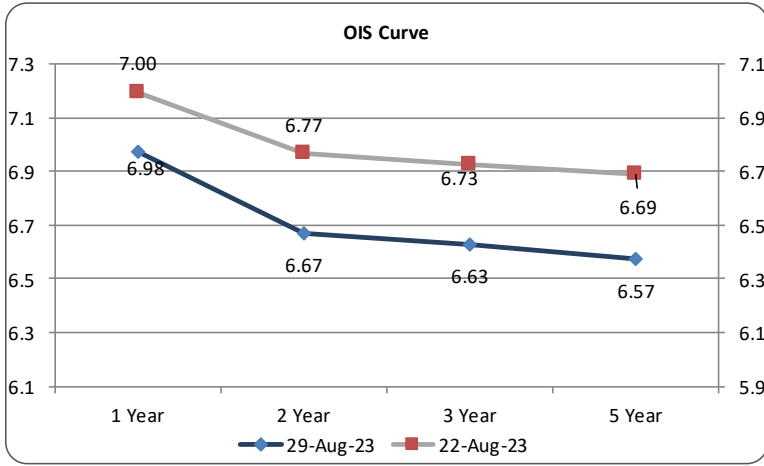
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
29-Aug-23	504	292	212

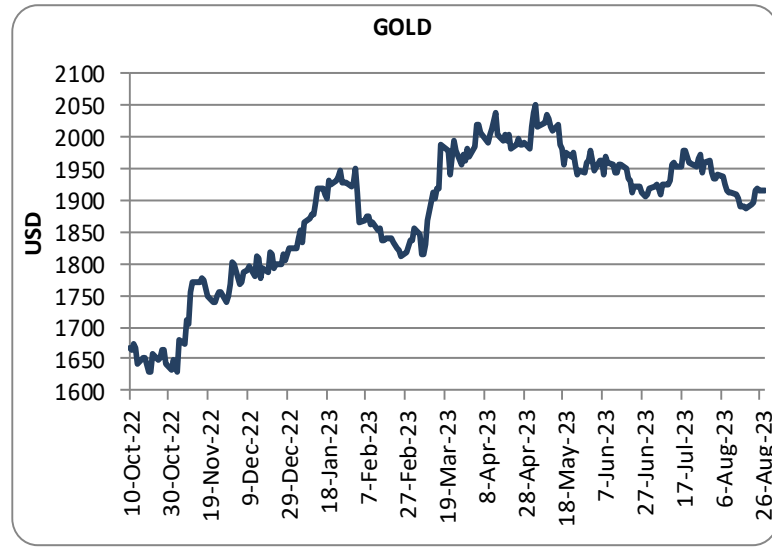
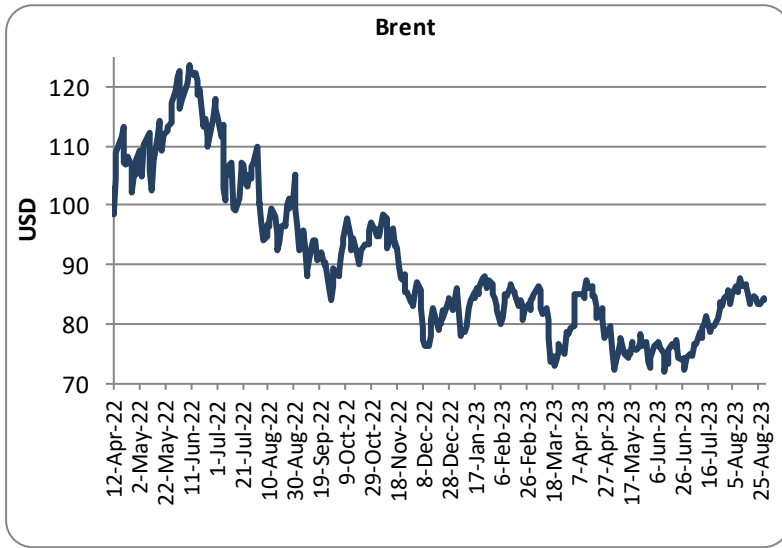
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	11306	8830	2476

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	11810	9122	2688

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 (%)	Jul-23	-1.4	-4.1
CPI (%)	Jul-23	7.4	4.9
IIP (%)	Jun-23	3.7	5.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	18-Aug-23	3.1	3.3
Retail Sales	UK	18-Aug-23	(2.10)	(1.00)
Unemployment Rate	Poland	24-Aug-23	5.00	5.00
Unemployment Rate	Japan	29-Aug-23	-	2.50
Q2 GDP	USA	30-Aug-23	-	2.40
Imports	Germany	31-Aug-23	-	(11.40)
Unemployment Rate	Germany	31-Aug-23	-	5.60
Unemployment Rate	Euro Zone	31-Aug-23	-	6.40





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

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