



BONDWATCH

Daily

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INDIA

Indian government bond yields ended marginally higher on Monday, tracking the relentless rise in U.S. yields on the back of rising bets for another rate hike by the Federal Reserve.

The 10-year benchmark 7.26% 2033 bond yield ended at 7.0302%, after closing at 7.0081% in the previous session.

U.S. yields rose further on expectations the Fed will hike interest rates again, either in June or July, after consumer spending data showed annual inflation rose slightly last month. The personal consumption expenditures (PCE) price index, excluding food and energy, increased 4.7% on-year after gaining 4.6% the prior month. The Fed closely tracks PCE, a major gauge for inflation.

The 10-year U.S. yield was at 3.82% and rose 13 basis points (bps) last week, after rising 23 bps the previous week. The two-year yield, considered a closer indicator of interest rate expectations, was at 4.59%, up 30 bps last week, following a 29-bps jump in the week ended May 19.

Gold prices inched lower in thin trading on Monday as the U.S. debt ceiling agreement took worries off the market and weighed on safer assets.

Oil prices were steady on Monday after U.S. leaders reached a tentative debt ceiling deal, possibly averting a default in the world's largest economy and oil consumer, but concerns about further interest rate hikes capped gains.

The Indian rupee weakened 0.07% versus the U.S. dollar, and quoted at 82.63 per dollar tracking a fall in Chinese yuan, while surging U.S. yields pushed down rupee forward premiums.

Repo: The weighted average call rates in the interbank segment decreased to 6.34% vs 6.35% as on the previous day while that the TREP segment remained the same at 6.26% vs 6.26% as on the previous day.

GOI Yield	29-May	26-May	22-May	27-Apr
1 Year	6.900	6.895	6.823	6.970
5 Year	6.969	6.942	6.876	6.976
10 Year	7.030	7.008	6.986	7.099

AAA Bmk	29-May	26-May	22-May	27-Apr
1 Year	7.45	7.38	7.37	7.42
5 Year	7.47	7.43	7.42	7.45
10 Year	7.40	7.40	7.40	7.52

CD	29-May	26-May	22-May	27-Apr
3 Month	7.00	6.90	6.85	7.05
6 Month	7.25	7.25	7.13	7.25
1 Year	7.45	7.45	7.30	7.50

CP	29-May	26-May	22-May	27-Apr
3 Month	7.10	7.00	6.90	7.15
6 Month	7.35	7.35	7.25	7.40
1 Year	7.55	7.55	7.40	7.60

OIS Rate	29-May	26-May	22-May	27-Apr
1 Year	6.57	6.56	6.50	6.58
2 Year	6.24	6.23	6.12	6.19
3 Year	6.13	6.11	5.99	6.04
5 Year	6.09	6.08	5.94	6.03

	29-May	26-May	22-May	27-Apr
Sensex	62,846	62,502	61,964	60,649
Nifty	18,599	18,499	18,314	17,915
USD/INR	82.63	82.58	82.83	81.84
Gold (USD)	1,946	1,946	1,969	1,988
Oil (USD)	76.70	76.95	75.99	78.37

NDF	29-May	26-May	22-May	27-Apr
3 Month	82.92	82.91	83.14	82.12
1 Year	84.02	84.10	84.40	83.59
2 Year	87.62	86.21	86.66	85.90
3 Year	89.06	89.06	89.51	88.70

Market Observations

G-sec

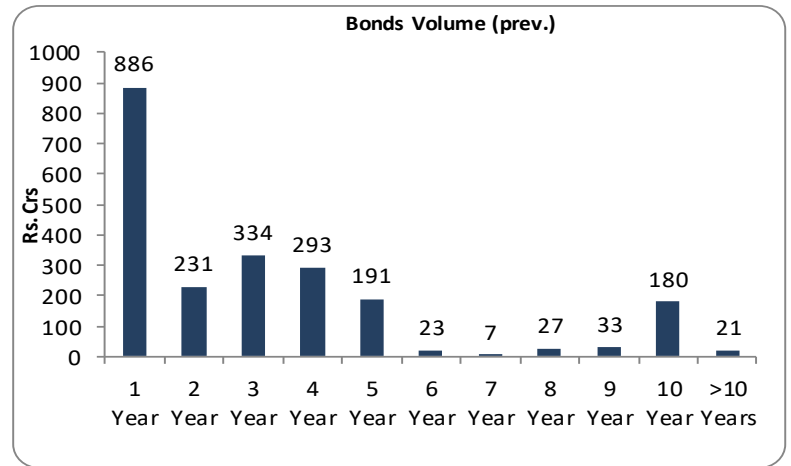
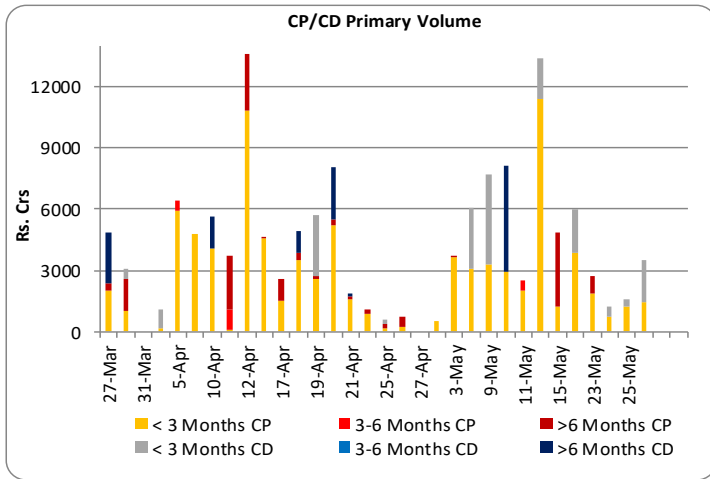
- 10-year benchmark opened slightly low than the previous close.
- Demand was seen in shorter end t-bills and 10-year SDL's.

Corporate Bonds

- Market volumes were comparatively thin. Demand was seen in the 10-year bonds from insurance companies.
- Demand was seen in the 2025-26 segment in PSU and NBFC papers from banks and insurance companies. Mutual funds were selling in the segment.

CP/CD

- Mutual funds were seen selling in the 1-month segment.



10 Year Benchmarks	29-May	26-May	22-May	27-Apr
India	7.03	7.00	6.99	7.10
US	3.82	3.82	3.72	3.53
South Korea	3.65	3.64	3.40	3.34
Russia	10.72	10.72	10.70	10.64
Brazil	11.70	11.65	11.91	12.36
Germany	2.44	2.54	2.45	2.45
China	2.73	2.72	2.72	2.79

Top Traded Securities	Volume	29-May	26-May	22-May	27-Apr
5.74 2026	50	6.59	6.89	6.84	6.95
7.38 2027	-	6.97	6.94	6.88	6.98
7.10 2029	-	7.01	6.98	6.95	7.04
6.54 2032	40	7.08	7.06	7.04	7.16
7.26 2032	#VALUE!	7.07	7.05	7.02	7.14
7.54 2036	-	7.12	7.10	7.09	7.23

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
24-May-23	4198	3689	509

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	6409	7234	-825

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	10607	10923	-316

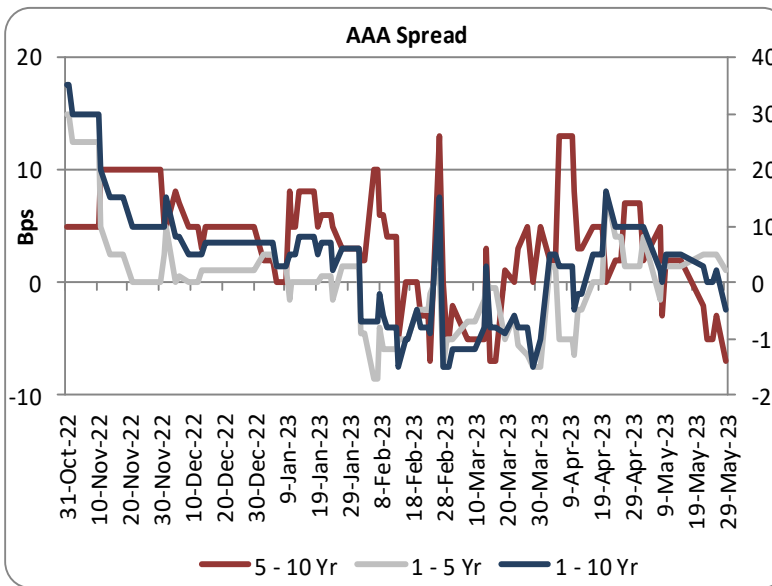
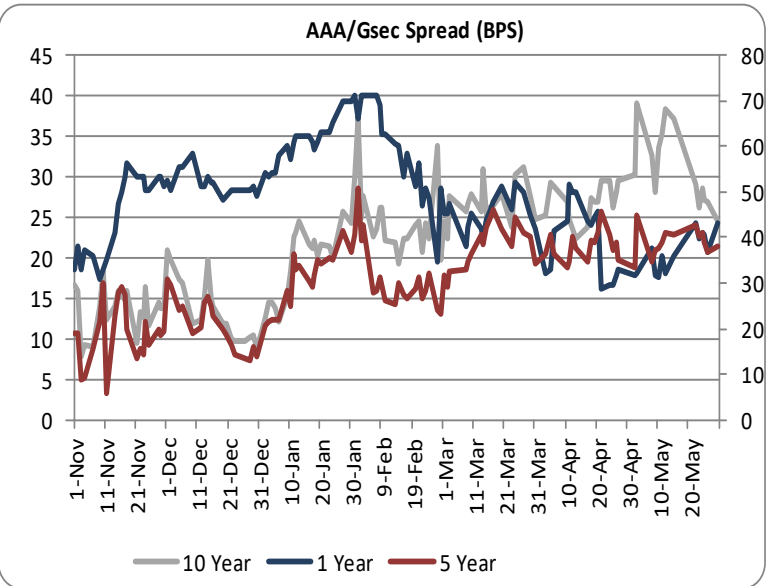
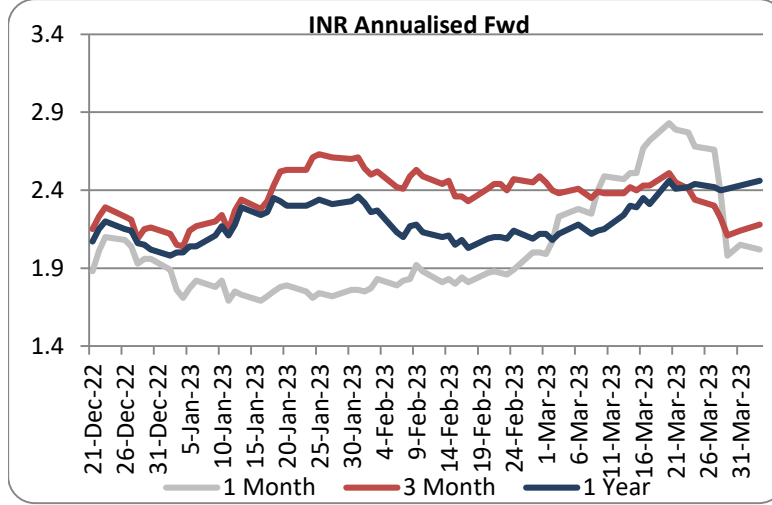
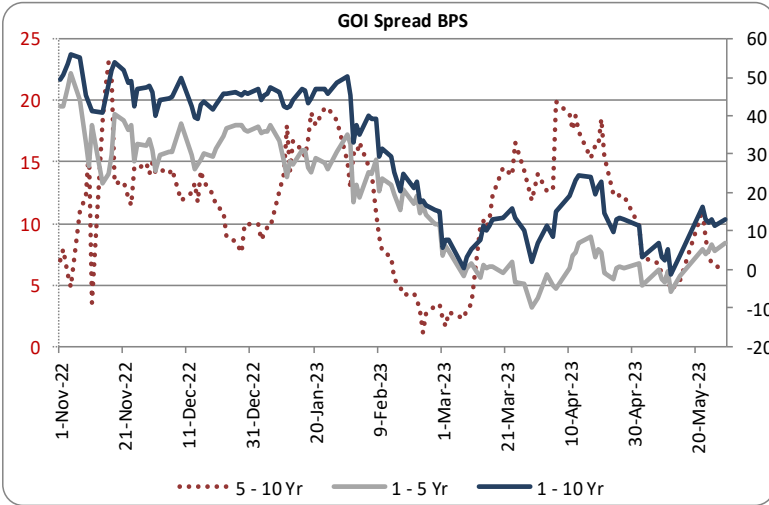
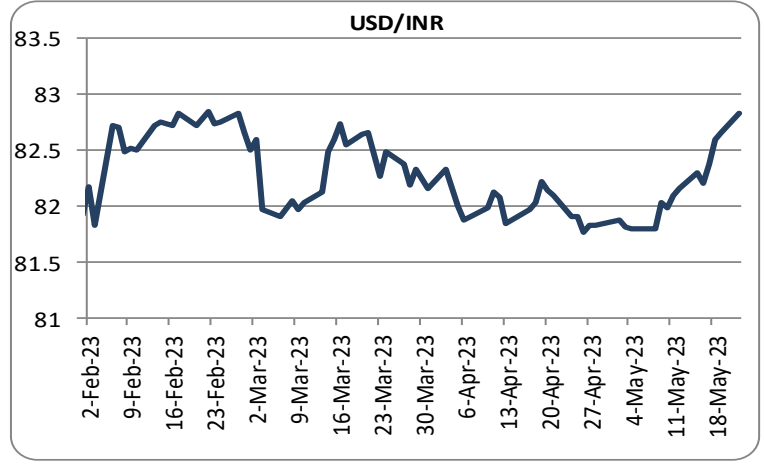
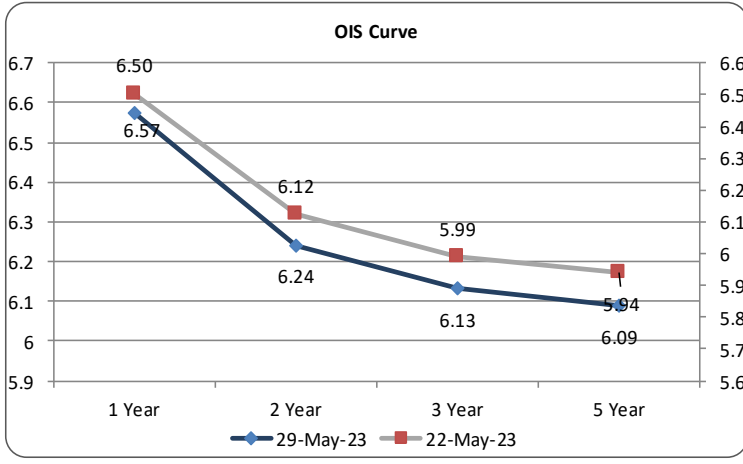
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
29-May-23	851	441	410

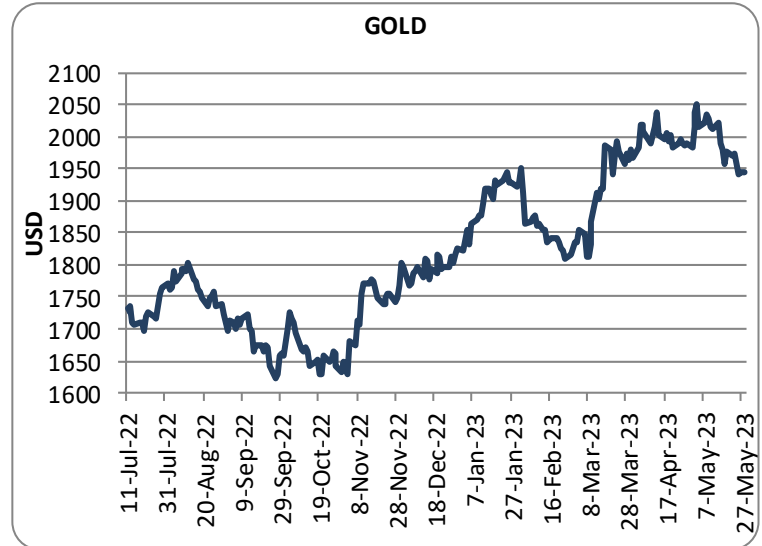
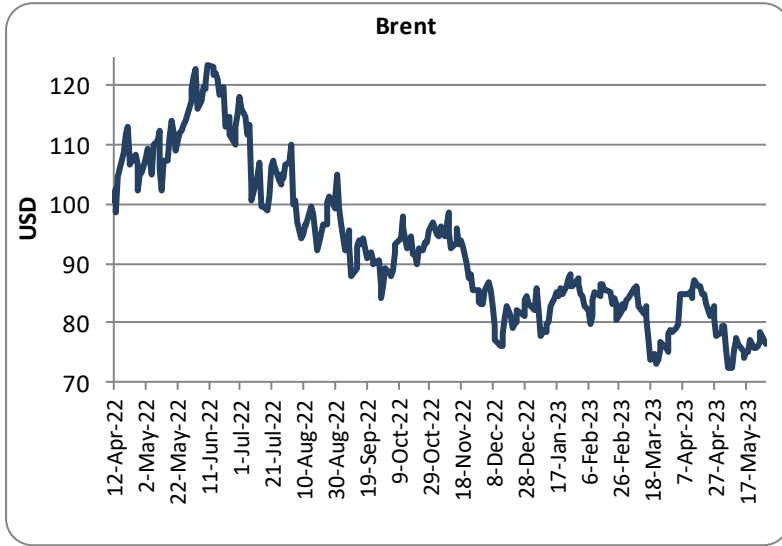
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	8531	6741	1790

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9382	7183	2200

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Apr-23	-0.9	1.3
CPI (%)	Apr-23	4.7	5.7
IIP (%)	Mar-23	1.1	5.6
PMI Manufacturing	Apr-23	57.2	56.4
PMI Service	Apr-23	62	57.8

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Japan	30-May-23	0	2.8
GDP YY	Switzerland	30-May-23	-	0.80
CPI	Germany	31-May-23	-	7.20
Industrial Output	Russia	31-May-23	5.30	1.20
GDP YY	Brazil	02-Jun-23	-	1.90
Retail Sales	Euro Zone	06-Jun-23	-	(3.80)
GDP YY	South Africa	06-Jun-23	-	0.90
Industrial Output	Germany	07-Jun-23	-	1.56





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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