



BONDWATCH

Daily

May 30, 2023

INDIA

Indian government bond yields ended marginally lower on Tuesday, tracking U.S. peers, as lawmakers in the United States reached a tentative deal to raise the debt ceiling.

The 10-year benchmark 7.26% 2033 bond yield ended at 7.0102%, after closing at 7.0302% in the previous session.

U.S. yields fell in Asian trading hours, as bond traders welcomed the tentative deal to suspend Washington's borrowing limit until 2025 and avert a debt default. However, uncertainty looms over whether Congress will approve the deal.

The 10-year yield dipped eight basis points (bps) to 3.74%, after rising by over 40 bps in the last two weeks as strong economic data and hawkish commentary from U.S. Fed officials raised bets of another rate hike.

The odds of another 25 bps hike on June 14 stand at 61%, up from 40% last week and around 5% at the beginning of May. The Fed has raised rates by 500 basis points since March 2022 to 5.00%-5.25%.

India's growth data for January-March and the previous financial year is expected to be released on Wednesday.

Indian states raised 255.50 billion rupees (\$3.12 billion) through the sale of bonds at cutoff yields which were largely in line with estimates.

The Indian rupee weakened 0.10% versus the U.S. dollar, and quoted at 82.71 per dollar, weighed by a broad strength in the U.S. dollar and associated weakness in the Chinese yuan.

Repo: The weighted average call rates in the interbank segment remained the same at 6.34% vs 6.34% 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	30-May	29-May	23-May	2-May
1 Year	6.895	6.900	6.885	6.980
5 Year	6.954	6.969	6.926	6.995
10 Year	7.010	7.030	7.014	7.092

AAA Bmk	30-May	29-May	23-May	2-May
1 Year	7.45	7.45	7.40	7.42
5 Year	7.47	7.47	7.45	7.45
10 Year	7.40	7.40	7.40	7.52

CD	30-May	29-May	23-May	2-May
3 Month	7.00	7.00	6.90	7.05
6 Month	7.25	7.25	7.20	7.30
1 Year	7.45	7.45	7.45	7.50

CP	30-May	29-May	23-May	2-May
3 Month	7.10	7.10	7.00	7.15
6 Month	7.35	7.35	7.30	7.40
1 Year	7.55	7.55	7.55	7.60

OIS Rate	30-May	29-May	23-May	2-May
1 Year	6.58	6.57	6.55	6.62
2 Year	6.24	6.24	6.21	6.25
3 Year	6.13	6.13	6.08	6.09
5 Year	6.09	6.09	6.02	6.09

	30-May	29-May	23-May	2-May
Sensex	62,969	62,846	61,982	61,355
Nifty	18,634	18,599	18,348	18,148
USD/INR	82.71	82.63	82.80	81.88
Gold (USD)	1,957	1,943	1,975	2,016
Oil (USD)	75.91	77.07	76.84	75.32

NDF	30-May	29-May	23-May	2-May
3 Month	82.99	82.92	83.22	82.12
1 Year	84.07	83.99	84.51	83.61
2 Year	86.33	86.17	86.76	85.87
3 Year	89.13	89.02	89.61	88.77

Market Observations

G-sec

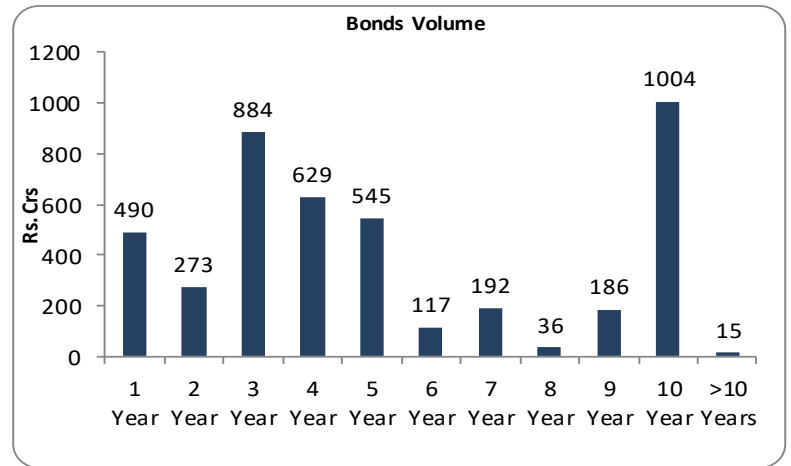
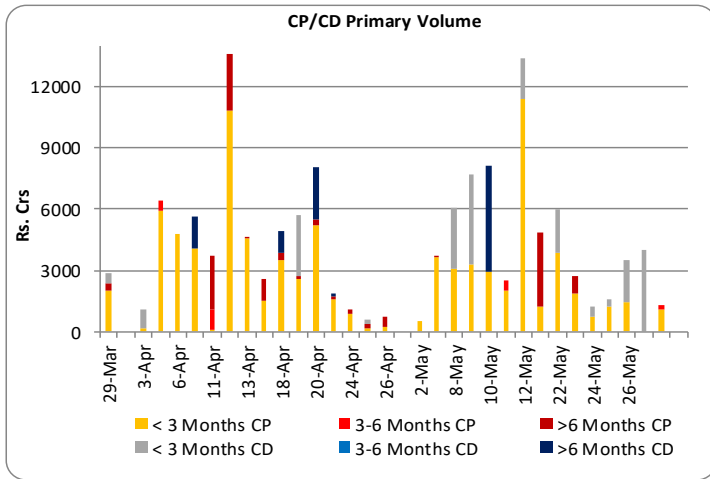
- Demand was seen in 5-year G-sec majorly by Life Insurance companies.
- SDL cut off was a few bps higher than market expectations as supply increased this week to 25000 crs.

Corporate Bonds

- Demand was seen in the 10-year bonds from insurance companies.
- Mutual Funds were active in the 2025-26 segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	30-May	29-May	23-May	2-May
India	7.01	7.02	7.02	7.11
US	3.72	3.82	3.70	3.44
South Korea	3.65	3.64	3.47	3.37
Russia	10.73	10.72	10.72	10.60
Brazil	11.68	11.60	11.89	12.35
Germany	2.38	2.43	2.46	2.25
China	2.73	2.73	2.70	2.79

Top Traded Securities	Volume	30-May	29-May	23-May	2-May
5.74 2026	85	6.90	6.59	6.89	6.96
7.38 2027	-	6.95	6.97	6.93	6.99
7.10 2029	-	6.99	7.01	6.99	7.06
6.54 2032	-	7.06	7.08	7.06	7.16
7.26 2032	#VALUE!	7.05	7.07	7.05	7.14
7.54 2036	-	7.11	7.12	7.10	7.22

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
29-May-23	3320	2277	1043

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
29-May-23	3001	3376	-375

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
29-May-23	6321	5652	668

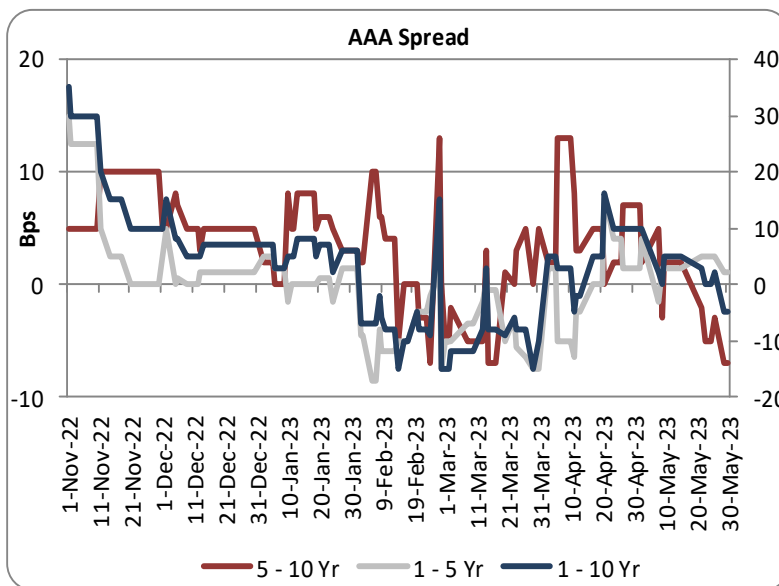
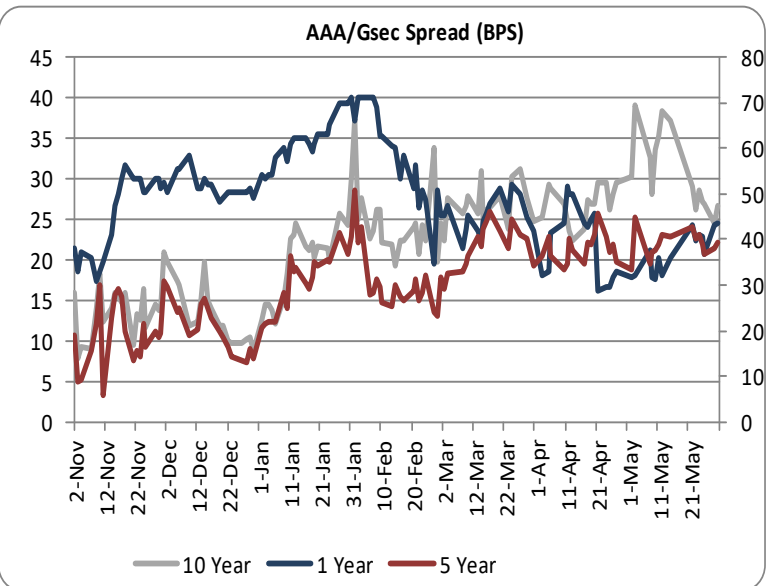
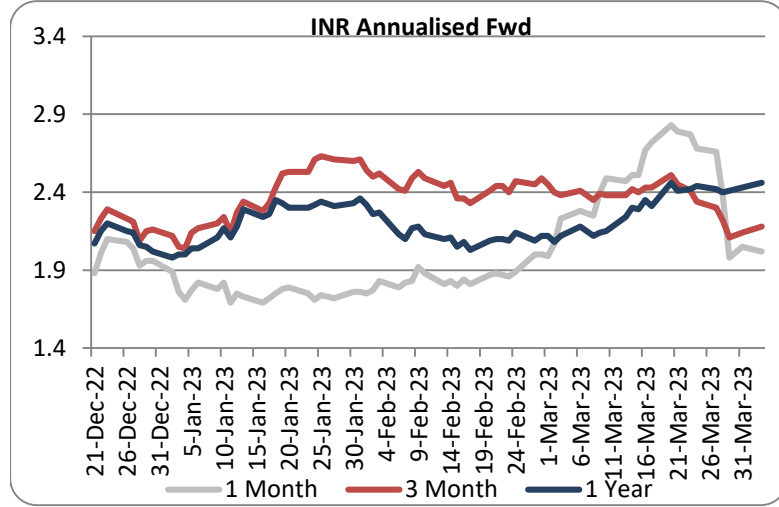
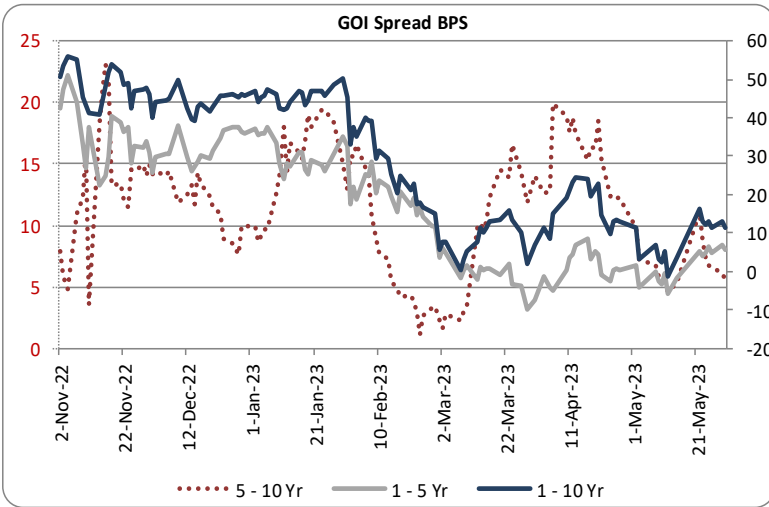
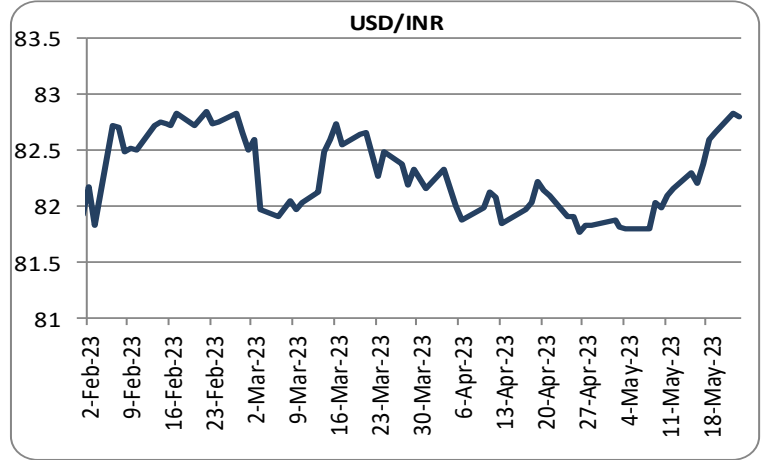
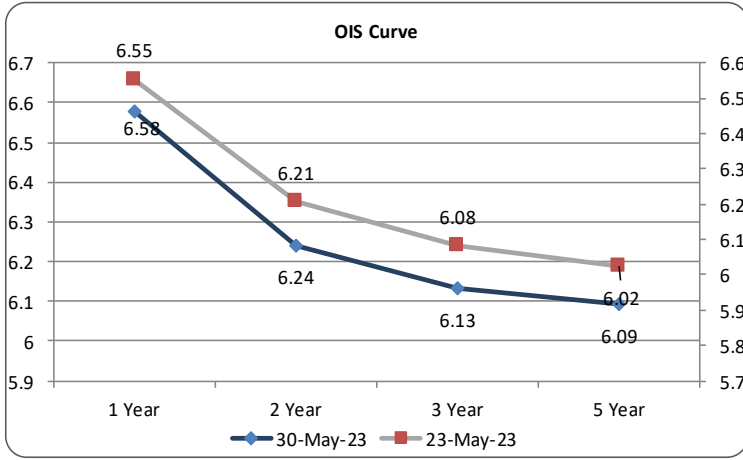
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
30-May-23	631	992	-361

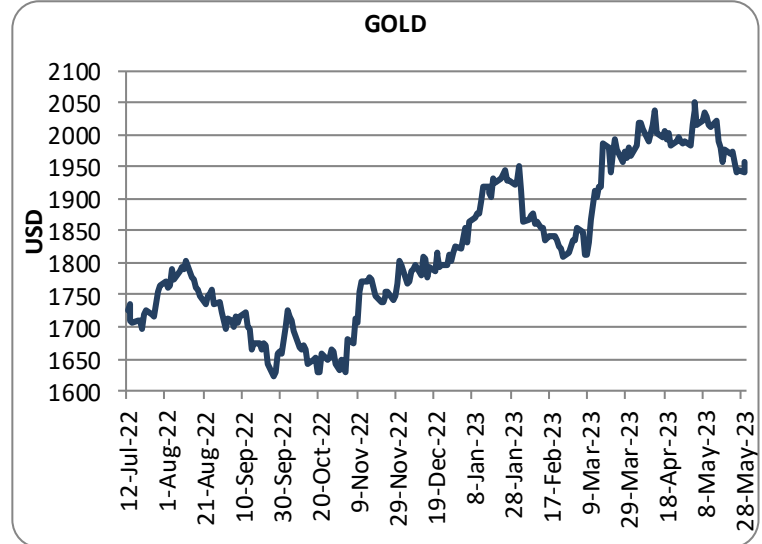
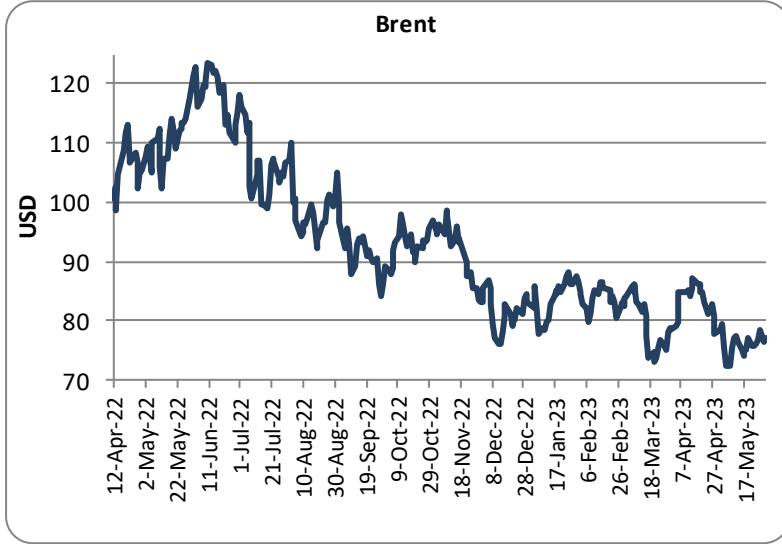
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
30-May-23	8329	6039	2290

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
30-May-23	8960	7031	1929

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.

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