



Indian government bond yields declined on Friday as U.S. Treasury yields eased, with the government's strong cash position further aiding sentiment.

The benchmark 10-year yield ended at 6.9809%, following its previous close of 6.9966%. The yield fell 21 basis points in May, its biggest monthly fall since March 2020.

U.S. yields moved lower, with the 10-year yield falling to near 4.50%, after easing inflation increased bets of rate cuts by the Federal Reserve jumped.

However, comments from Fed officials again raised uncertainty over the magnitude of easing in 2024. Market participants are now pricing in around 35 bps of cuts in 2024.

Indian Government's healthy cash position strengthened further after a record surplus transfer from the Reserve Bank of India, and this has raised speculations of cuts in borrowing once the new government takes charge.

The government also bought back bonds worth around 230 billion rupees (\$2.76 billion) maturing this financial year through four auctions, in the first such operation in six years.

Traders await the result of the general election due on Tuesday, which would be followed by the RBI's monetary policy decision on Friday.

The Indian rupee weakened 0.17% versus the U.S. dollar, and quoted at 83.45 per dollar, pressured by month-end dollar demand from importers.

Repo: The weighted average call rates in the interbank segment increased to 6.69% vs 6.47% as on the previous day while that the TREP segment increased to 6.67% vs 6.36% as on the previous day.

### Market Observations

#### G-sec

- Demand was seen in 9-year G-sec by private bank @7.0650 centric level size. Major sellers were life insurance companies.
- Demand was seen in 6 to 7-year G-sec @7.0550 centric levels. Major buyers were foreign banks and Mutual funds.
- Selling was seen in 5-year illiquid G-sec by private bank @7.06 centric levels. Major buyers were PDs and nationalized banks.

#### Corporate Bonds

- Major activity was seen in the MMY segment and 2025-2028 segment.
- Mutual funds and insurance companies were active on the buying as well as selling side.

#### CP/CD

- Major activity was seen in the 1-month segment.

GOI Yield	31-May	30-May	24-May	2-May
1 Year	7.020	7.020	7.010	7.070
5 Year	7.044	7.053	7.027	7.162
10 Year	6.981	6.997	6.999	7.160

AAA Bmk	31-May	30-May	24-May	2-May
1 Year	7.70	7.70	7.70	7.75
5 Year	7.64	7.64	7.63	7.73
10 Year	7.50	7.50	7.55	7.55

CD	31-May	30-May	24-May	2-May
3 Month	7.15	7.15	7.15	7.25
6 Month	7.45	7.45	7.45	7.45
1 Year	7.70	7.70	7.65	7.65

CP	31-May	30-May	24-May	2-May
3 Month	7.25	7.25	7.25	7.35
6 Month	7.55	7.55	7.55	7.55
1 Year	7.80	7.80	7.75	7.75

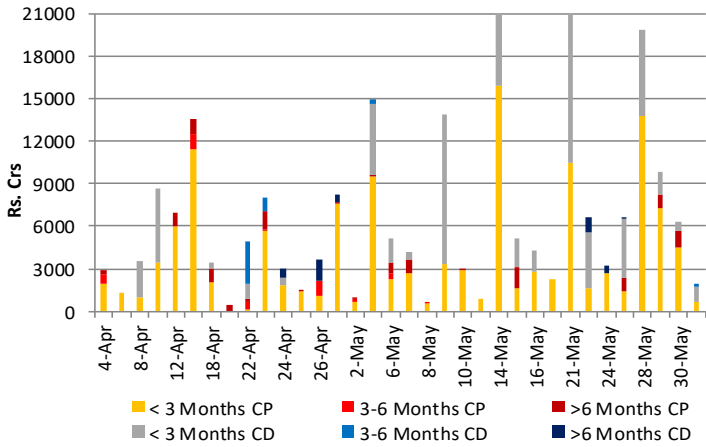
OIS Rate	31-May	30-May	24-May	2-May
1 Year	6.84	6.83	6.80	6.86
2 Year	6.56	6.55	6.51	6.61
3 Year	6.49	6.49	6.44	6.58
5 Year	6.43	6.44	6.39	6.55

	31-May	30-May	24-May	2-May
Sensex	73,961	73,886	75,410	74,611
Nifty	22,531	22,489	22,957	22,648
USD/INR	83.46	83.32	83.10	83.47
Gold (USD)	2,343	2,343	2,334	2,303
Oil (USD)	81.60	81.86	82.12	83.67

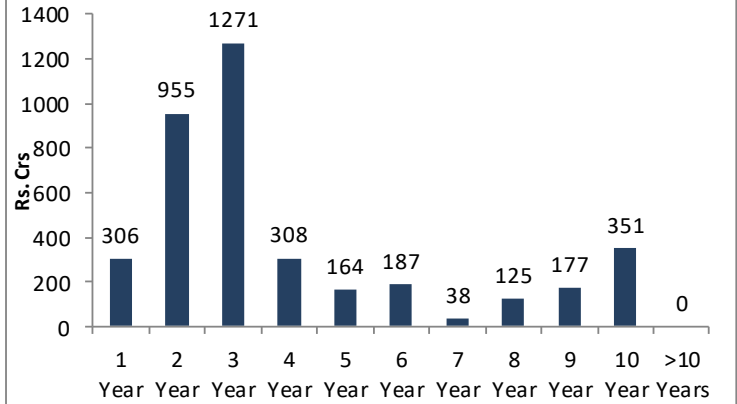
NDF	31-May	30-May	24-May	2-May
3 Month	83.64	83.57	83.32	83.65
1 Year	84.71	84.67	84.38	84.77
2 Year	86.78	86.58	86.29	86.77
3 Year	89.14	89.02	88.73	89.12



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	31-May	30-May	24-May	2-May
India	6.98	7.00	7.00	7.16
US	4.56	4.55	4.47	4.57
South Korea	3.58	3.57	3.52	3.64
Russia	15.08	14.90	14.54	14.53
Brazil	11.84	11.84	11.71	11.58
Germany	2.69	2.66	2.58	2.55
China	2.32	2.31	2.31	2.31

Top Traded Securities	Volume	31-May	30-May	24-May	30-Apr
7.26 2033	535	7.09	7.08	7.07	7.21
7.06 2028	155	7.07	7.06	7.03	7.20
7.62 2039	10	7.09	7.07	7.08	7.23
7.30 2053	305	7.14	7.14	7.13	7.30
6.64 2035	35	#N/A	7.09	7.08	7.23
7.40 2035	-	7.07	7.08	7.12	7.21

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
29-May-24	10952	5427	5525

EQUITY	Gross Purchase	Gross Sales	Net Investment
	11809	11452	357

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
0	0	0

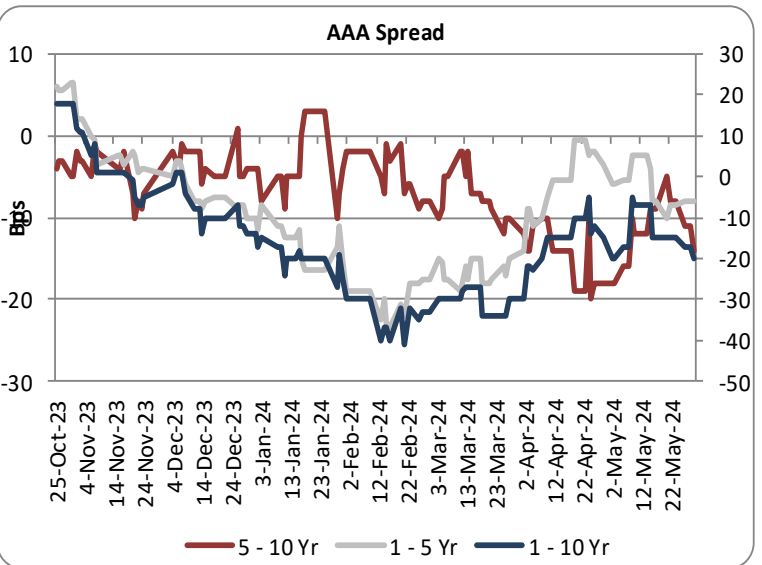
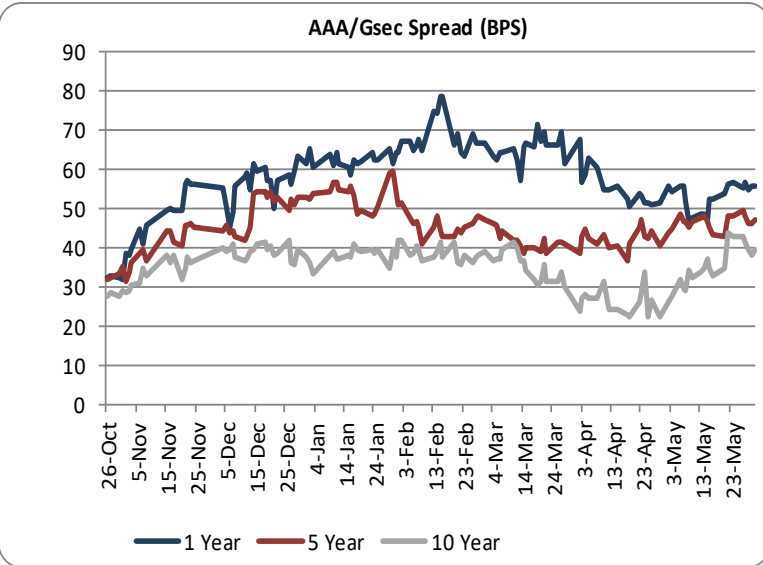
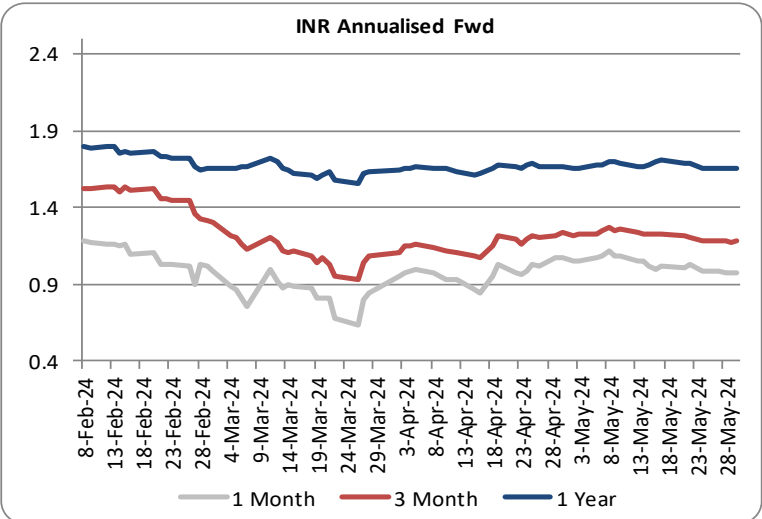
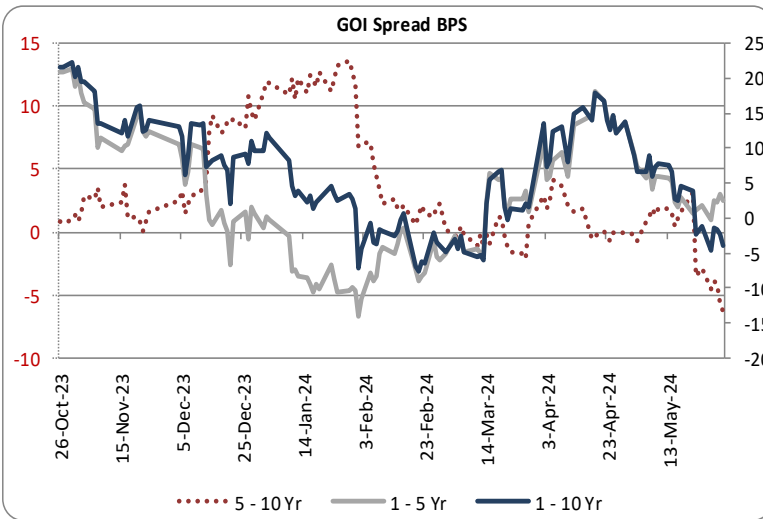
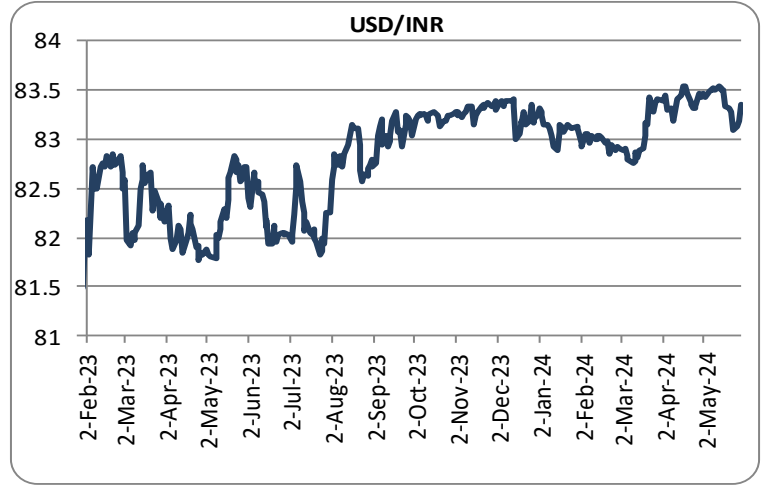
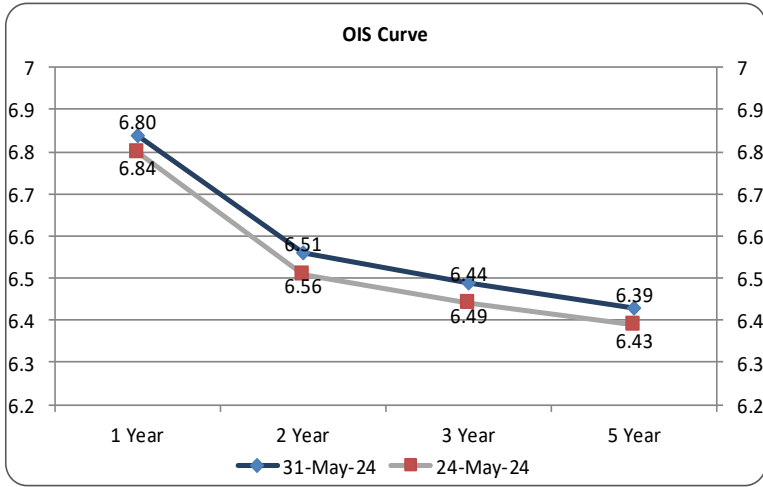
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
31-May-24	2112	700	1411

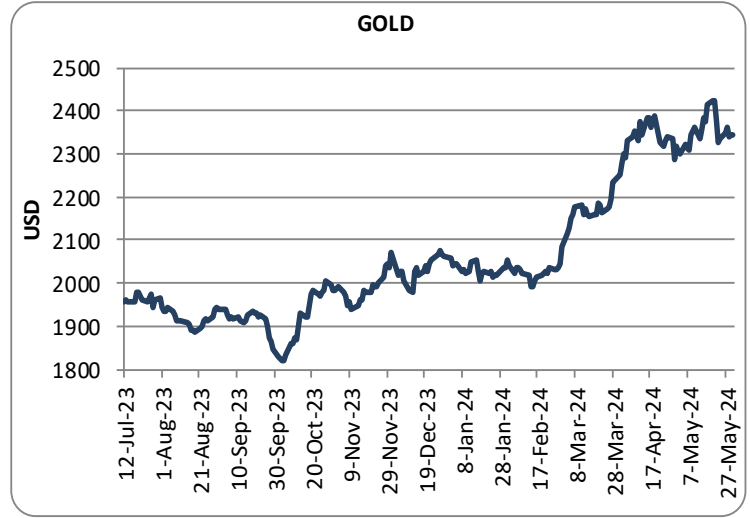
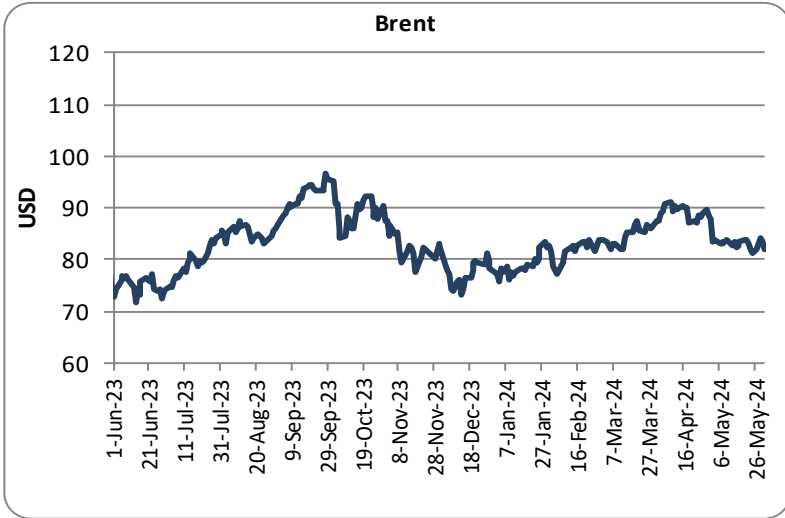
EQUITY	Gross Purchase	Gross Sales	Net Investment
	21864	22986	-1122

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
23975	23686	289

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 (%)	Apr-24	1.3	0.5
CPI (%)	Apr-24	4.8	4.9
IIP (%)	Mar-24	4.9	5.6
PMI Manufacturing	Apr-24	58.8	59.1
PMI Service	Apr-24	60.8	61.2

Economic Calender	Country	Date	Poll	Prior
CPI	Australia	29-May-24	0	3.8
CPI	Germany	29-May-24	2.40	2.20
Unemployment rate	Euro Zone	30-May-24	6.50	6.50
Unemployment rate	Japan	31-May-24	2.60	2.60
GDP Quarterly	India	31-May-24	6.70	8.40
GDP Yearly	Brazil	04-Jun-24	-	2.10
Industrial Output	Brazil	05-Jun-24	-	(2.80)
Refinancing Rate	Euro Zone	06-Jun-24	-	4.50





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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