



INDIA

Indian government bond yields slumped as the 10-year yield posted its biggest single-session fall in nine months after the federal budget positively surprised the markets with lower-than-expected fiscal deficit and gross borrowing targets for the next financial year.

India's benchmark 10-year yield ended at 7.0583% on Thursday, compared with its previous close of 7.1442%. The yield ended at the lowest level since July 18, and also posted its biggest single-session fall since May 3.

While unveiling the interim budget for 2024/25, Finance Minister Nirmala Sitharaman said the government aims to reduce its fiscal deficit to 5.1% of gross domestic product (GDP), from downwardly revised 5.8% for this financial year.

The government will aim to gross borrow 14.13 trillion rupees (\$170.28 billion) via bonds, against expectations of 15.60 trillion rupees with net borrowings of 11.75 trillion rupees.

The gross borrowing was unexpectedly lowered as the government expects to repay a chunk of maturing debt through the Goods and Services tax compensation fund.

Market participants would now shift their focus to the Reserve Bank of India's monetary policy decision due next week after the U.S. Federal Reserve pushed back rate cut to May, as it awaits more evidence of inflation moving lower.

The Indian rupee strengthened 0.09% versus the U.S. dollar, and quoted at 82.96 per dollar aided by greenback sales by a UK-headquartered bank, while forward premiums were off their highs following the presentation of the budget earlier in the day.

Repo: The weighted average call rates in the interbank segment increased to 6.79% vs 6.75% as on the previous day while that the TREP segment remained the same at 6.70% vs 6.70% as on the previous day.

**Market Observations**

**G-sec**

- Demand was seen in 6 to 7-year illiquid G-sec by private banks @7.10 centric level and 9-year illiquid G-sec @7.16 levels before the budget.
- 10-year G-sec rallied to 7.07 levels and closed @7.06 levels post budget.
- Selling was seen in 20 and 30-year G-sec post budget @7.17 centric levels.

**Corporate Bonds**

- All counterparties were active in the market.
- Major activity was seen in the 2025-2028 segment as well as the longer segment.

**CP/CD**

- Demand was seen throughout all segment.

GOI Yield	1-Feb	31-Jan	25-Jan	2-Jan
1 Year	7.130	7.130	7.150	7.090
5 Year	6.990	7.027	7.043	7.091
10 Year	7.058	7.144	7.176	7.211

AAA Bmk	1-Feb	31-Jan	25-Jan	2-Jan
1 Year	0.00	7.90	7.90	7.87
5 Year	0.00	7.69	7.67	7.74
10 Year	0.00	7.65	7.70	7.70

CD	1-Feb	31-Jan	25-Jan	2-Jan
3 Month	7.80	7.80	7.80	7.55
6 Month	7.85	7.85	7.85	7.65
1 Year	7.88	7.90	7.90	7.85

CP	1-Feb	31-Jan	25-Jan	2-Jan
3 Month	7.90	7.90	7.90	7.65
6 Month	7.95	7.95	7.95	7.75
1 Year	8.00	8.00	8.00	8.00

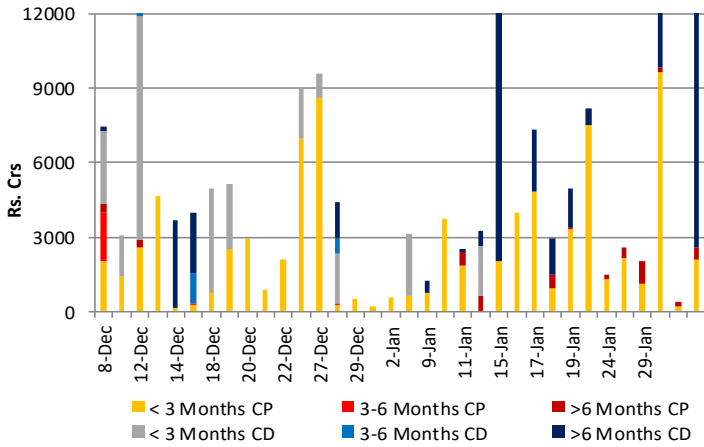
OIS Rate	1-Feb	31-Jan	25-Jan	2-Jan
1 Year	6.58	6.60	6.60	6.65
2 Year	6.23	6.26	6.26	6.33
3 Year	6.17	6.21	6.22	6.28
5 Year	6.13	6.18	6.19	6.23

	1-Feb	31-Jan	25-Jan	2-Jan
Sensex	71,645	71,752	70,701	71,892
Nifty	21,697	21,726	21,353	21,666
USD/INR	82.97	83.04	83.12	83.32
Gold (USD)	2,031	2,037	2,020	2,059
Oil (USD)	81.18	81.71	82.43	75.89

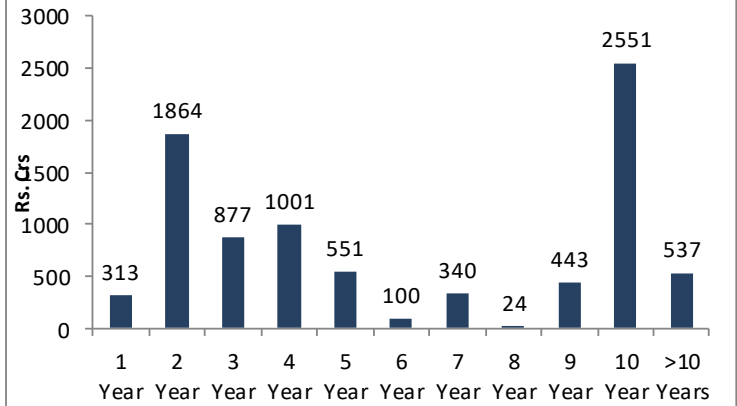
NDF	1-Feb	31-Jan	25-Jan	2-Jan
3 Month	83.30	83.40	83.45	83.57
1 Year	84.48	84.60	84.67	84.73
2 Year	86.93	86.94	87.02	87.28
3 Year	89.81	89.69	89.92	90.18



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	1-Feb	31-Jan	25-Jan	2-Jan
India	7.06	7.14	7.17	7.21
US	3.94	3.97	4.13	3.94
South Korea	3.34	3.35	3.42	3.31
Russia	12.28	12.27	12.21	12.30
Brazil	10.58	10.58	10.68	10.42
Germany	2.20	2.16	2.28	2.06
China	2.44	2.44	2.51	2.59

Top Traded Securities	Volume	24-Jan	23-Jan	17-Jan	26-Dec
7.26 2033	5,070	7.21	7.20	7.19	7.22
7.06 2028	910	7.26	7.28	7.28	7.36
7.62 2039	-	7.20	7.20	7.19	0.00
7.30 2053	1,790	7.36	7.36	7.37	7.41
6.64 2035	670	#N/A	7.26	7.25	7.27
7.40 2035	1,435	7.26	7.25	7.26	7.29

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
30-Jan-24	10234	9543	691

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	8447	10464	-2017

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	18681	20007	-1326

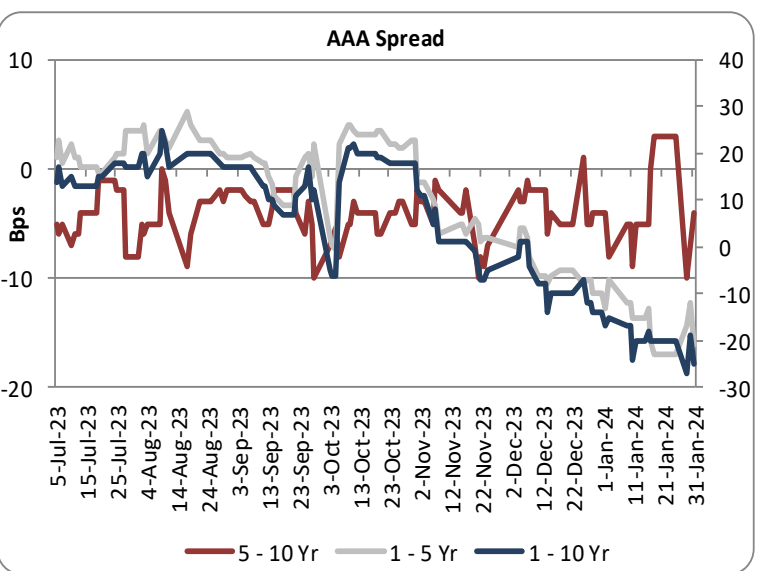
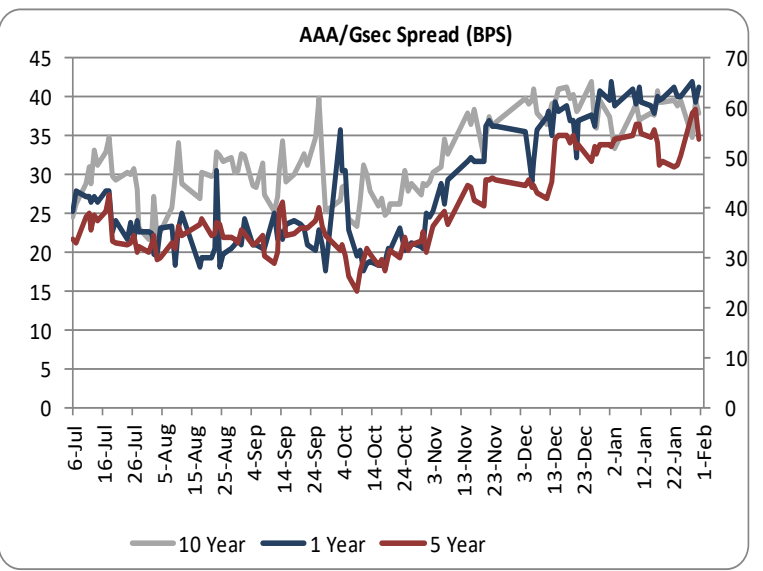
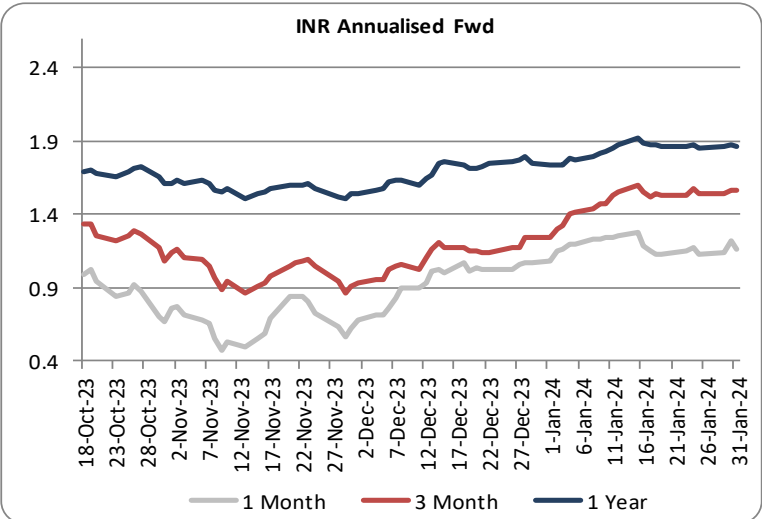
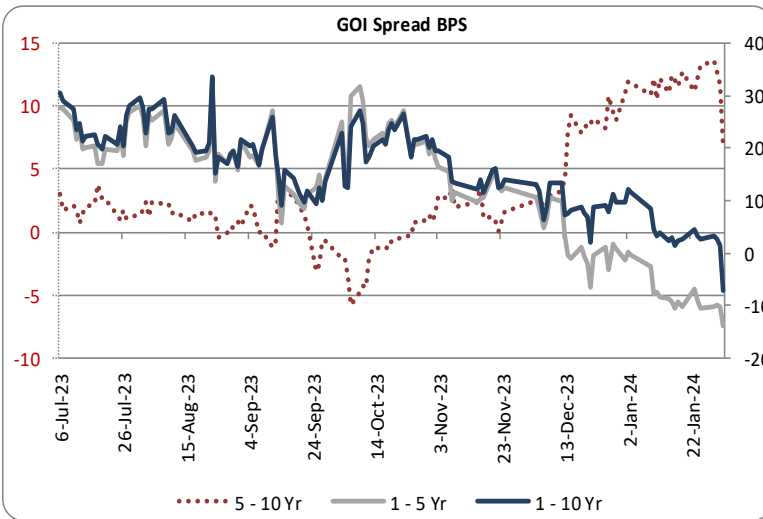
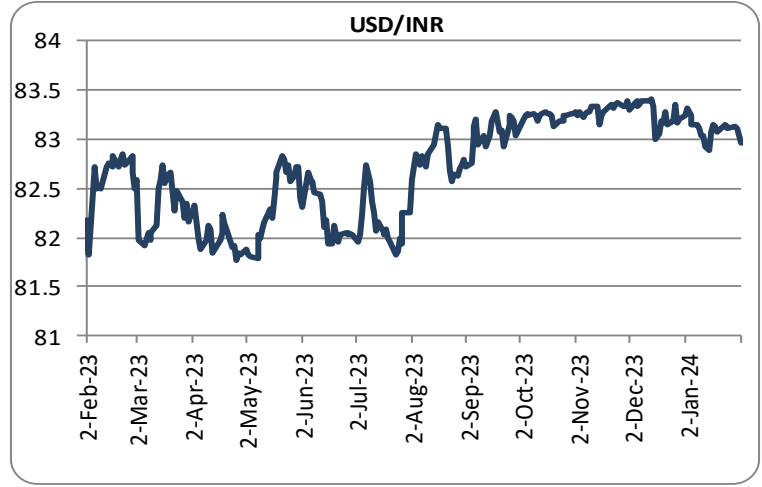
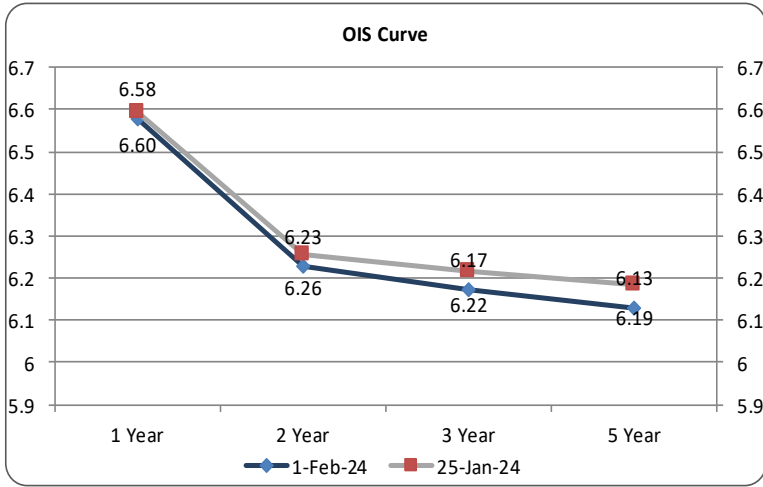
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
1-Feb-24	3363	771	2593

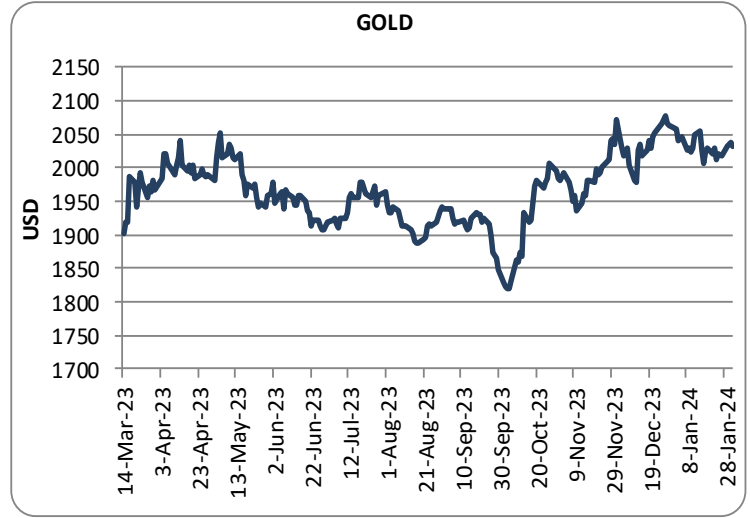
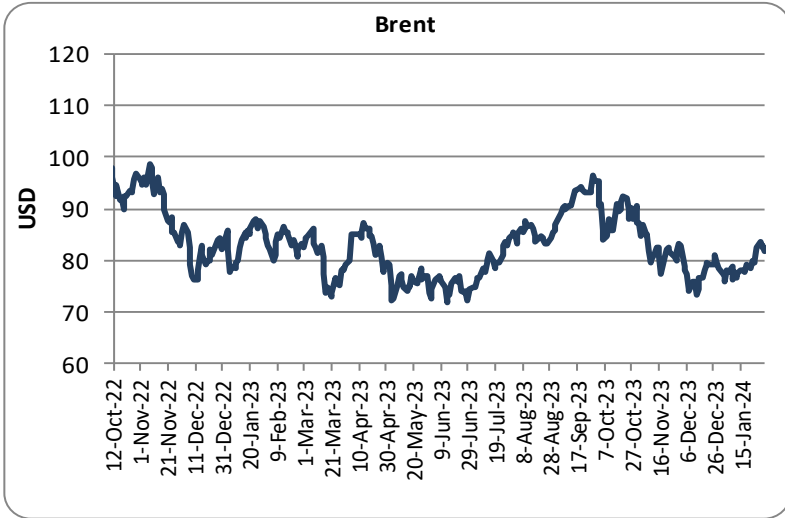
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	25953	24213	1740

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	29316	24983	4333

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Sep-23	-8.3	-9.2
Trade Deficit (\$ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Dec-23	0.7	0.3
CPI (%)	Dec-23	5.7	5.6
IIP (%)	Nov-23	2.4	11.6
PMI Manufacturing	Jan-24	56.5	54.9
PMI Service	Dec-23	59	56.9

Economic Calender	Country	Date	Poll	Prior
BOE Bank Rate	UK	1-Feb-24	5.25	5.25
CPI	Japan	02-Feb-24	2.90	3.20
Industrial Output	Brazil	02-Feb-24	0.10	1.30
Retail Sales	Euro Zone	06-Feb-24	-	(1.10)
CPI	China	08-Feb-24	-	(0.30)
CRR	India	08-Feb-24	-	4.50
CPI	India	12-Feb-24	-	5.69
Industrial Output	India	12-Feb-24	-	2.40





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

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