



# BONDWATCH

Daily

September 01, 2023

INDIA

Indian government bond yields ended marginally higher on Friday as debt auction added to overall supply, while market participants shrugged off domestic growth numbers, which came largely in line with expectations.

The benchmark 7.26% 2033 bond yield ended at 7.1671%, after closing the previous session at 7.1655%. The yield, however, ended the week 3 basis points lower.

The domestic benchmark bond yield hit a near four-month high of 7.26% in August, tracking a rise in U.S. Treasuries, but eased as the month progressed.

The 10-year bond yield should peak in September as demand-supply dynamics are expected to improve from October. Markets will closely track inflation and liquidity situation.

India's economy grew at its quickest pace in a year in the April-June quarter and gross domestic product expanded 7.8% on an annual basis, accelerating from the 6.1% growth recorded in the March quarter.

Following a spike in India's retail inflation to a 15-month high of 7.44% in July from 4.87% in June, led by vegetable prices, market participants will await the inflation trajectory in coming months. Earlier this week, the government cut cooking gas prices by about 18%, a move that may have a 30-bps impact on the September inflation print.

The inflation rate will remain above 6%, the RBI's upper tolerance band at least until October.

The Indian rupee strengthened 0.08% versus the U.S. dollar, and quoted at 82.7150 per dollar ahead of U.S. jobs data.

Repo: The weighted average call rates in the interbank segment decreased to 6.55% vs 6.58% as on the previous day while that the TREP segment decreased to 6.55% vs 6.62% as on the previous day.

## Market Observations

### G-sec

- G-sec cut off was in line with market expectation.
- Switches were reported in illiquid 2032 maturity G-sec.
- Insurance companies were buying lower coupon papers and selling 7.26% 2032 papers.

### Corporate Bonds

- Banks were active in the 2028 segment as well as the 10-year segment.
- Insurance companies were active in the longer-end segment.

### CP/CD

- Demand was seen in the 1-6-month segment.

GOI Yield	1-Sep	31-Aug	25-Aug	2-Aug
1 Year	6.950	7.000	7.020	6.923
5 Year	7.162	7.158	7.208	7.128
10 Year	7.167	7.166	7.204	7.152

AAA Bmk	1-Sep	31-Aug	25-Aug	2-Aug
1 Year	7.45	7.45	7.45	7.35
5 Year	7.64	7.64	7.68	7.60
10 Year	7.62	7.62	7.65	7.55

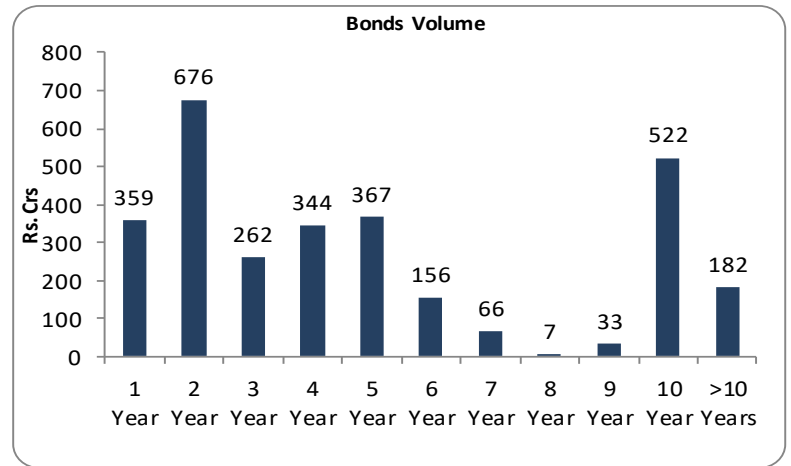
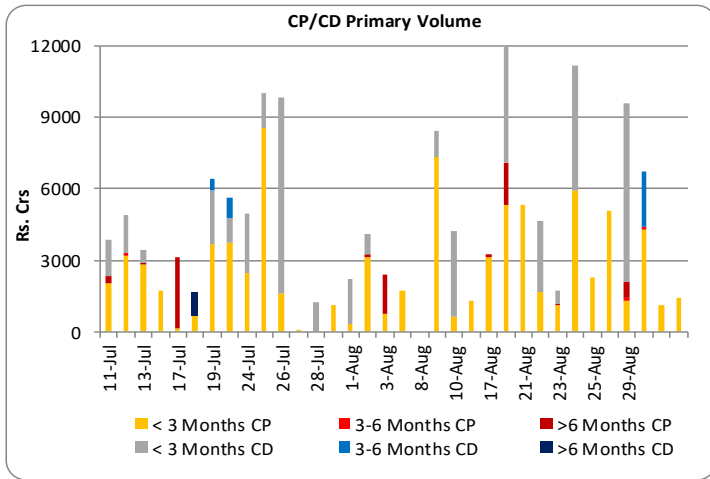
CD	1-Sep	31-Aug	25-Aug	2-Aug
3 Month	7.02	7.05	7.03	6.95
6 Month	7.20	7.25	7.25	7.20
1 Year	7.50	7.50	7.50	7.50

CP	1-Sep	31-Aug	25-Aug	2-Aug
3 Month	7.12	7.10	7.15	7.05
6 Month	7.35	7.35	7.35	7.30
1 Year	7.60	7.60	7.60	7.60

OIS Rate	1-Sep	31-Aug	25-Aug	2-Aug
1 Year	6.97	6.96	7.01	6.84
2 Year	6.67	6.67	6.72	6.57
3 Year	6.62	6.62	6.67	6.49
5 Year	6.57	6.57	6.64	6.46

	1-Sep	31-Aug	25-Aug	2-Aug
Sensex	65,387	64,831	64,887	65,783
Nifty	19,435	19,254	19,266	19,527
USD/INR	82.72	82.79	82.65	82.58
Gold (USD)	1,945	1,940	1,915	1,934
Oil (USD)	87.99	86.86	84.48	83.20

NDF	1-Sep	31-Aug	25-Aug	2-Aug
3 Month	83.02	82.94	82.87	82.95
1 Year	84.11	84.06	83.89	84.04
2 Year	86.40	86.34	86.00	86.08
3 Year	89.25	89.16	88.65	88.74



10 Year Benchmarks	1-Sep	31-Aug	25-Aug	2-Aug
India	7.17	7.17	7.21	7.15
US	4.11	4.09	4.24	4.08
South Korea	3.78	3.82	3.93	3.80
Russia	12.05	12.05	11.96	11.52
Brazil	11.14	11.14	11.10	10.73
Germany	2.48	2.47	2.56	2.51
China	2.61	2.59	2.57	2.70

Top Traded Securities	Volume	29-Aug	28-Aug	22-Aug	31-Jul
7.26 2033	15,445	#N/A	#N/A	#N/A	#N/A
7.06 2028	420	#N/A	#N/A	#N/A	#N/A
7.62 2039	-	7.20	7.19	7.23	7.21
7.30 2053	815	#N/A	7.22	7.28	7.33
6.64 2035	380	7.22	7.26	7.28	7.30
7.40 2035	15	7.25	7.24	7.28	7.33

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
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

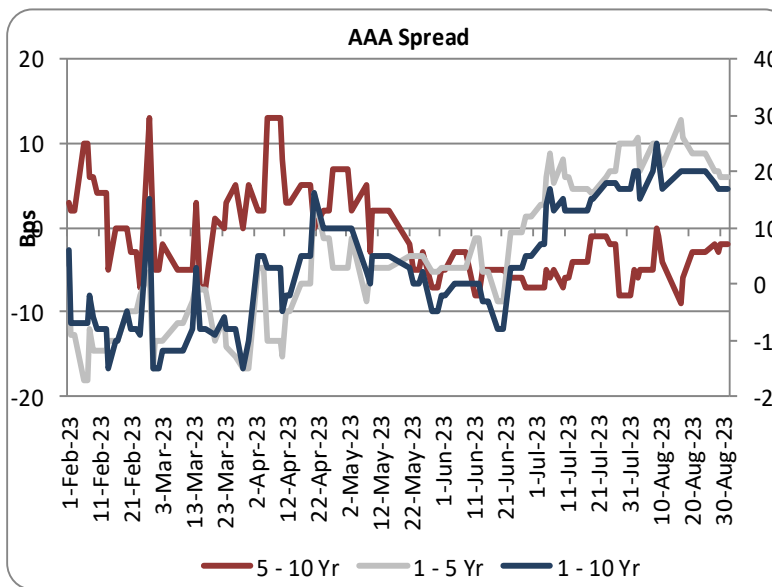
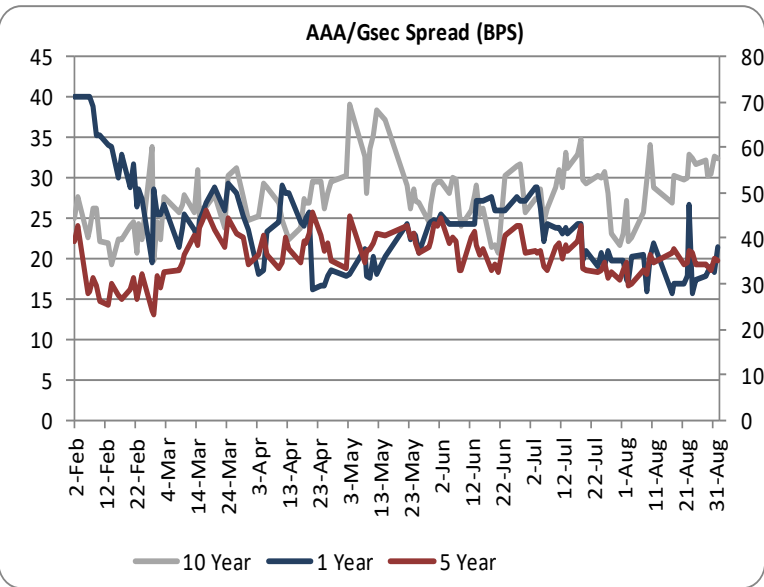
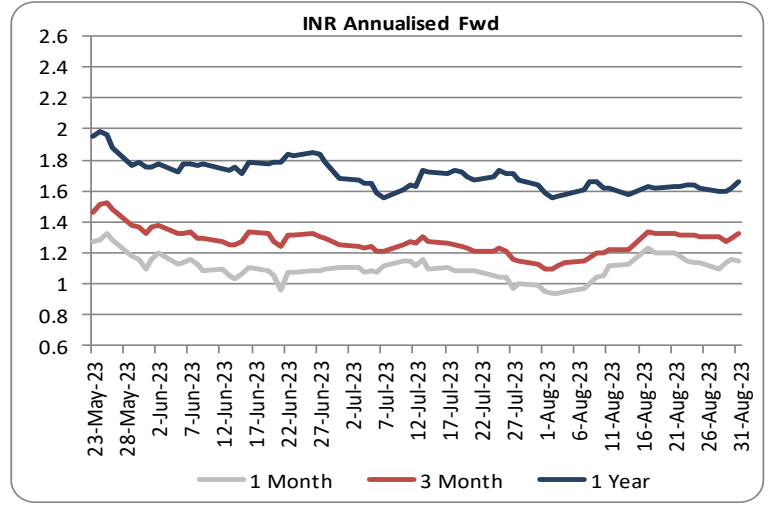
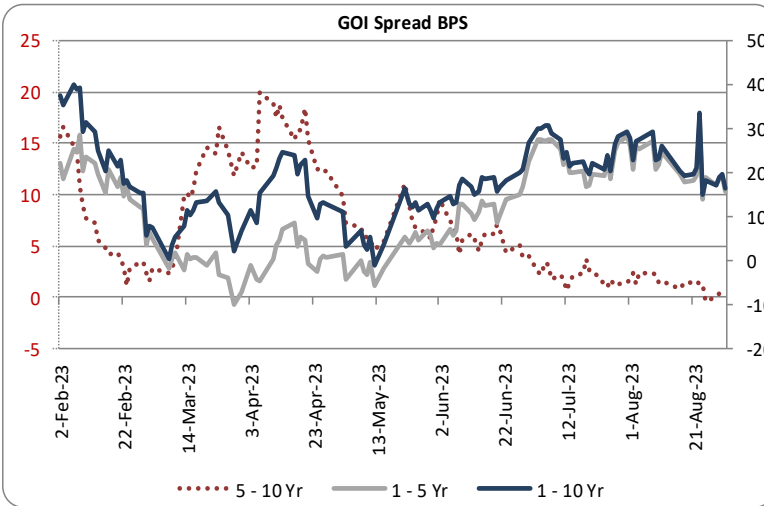
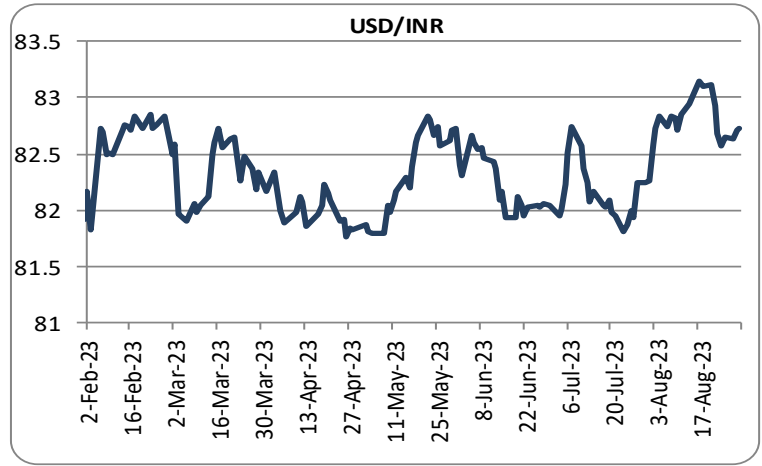
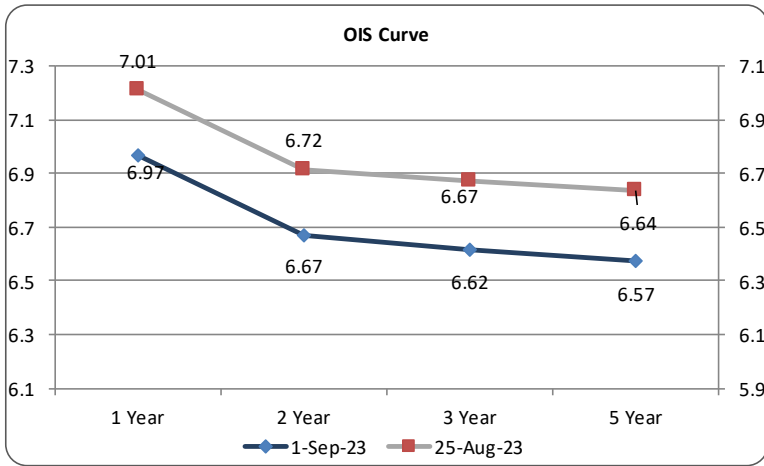
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
1-Sep-23	346	176	170

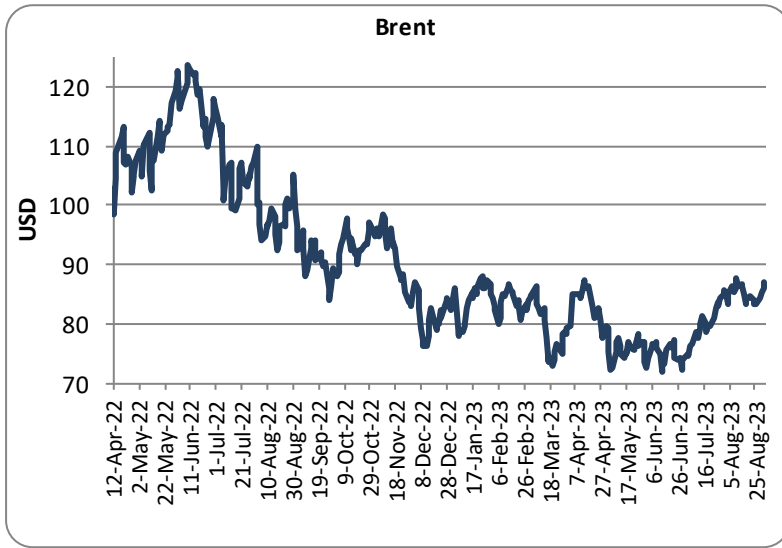
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	47525	46266	1259

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	47871	46442	1429

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
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	Aug-23	58.6	57.7
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
GDP	Brazil	1-Sep-23	2.7	4
Industrial Output	Brazil	05-Sep-23	-	0.30
Real GDP	Australia	06-Sep-23	-	2.30
Retail Sales	Euro Zone	06-Sep-23	-	(1.40)
Industrial Production	Germany	07-Sep-23	-	(1.83)
CPI	Germany	08-Sep-23	-	6.10
CPI	China	09-Sep-23	-	(0.30)
CPI	India	12-Sep-23	-	7.44





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

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