



INDIA

- ❖ The new benchmark 6.54% bond maturing in 2032 ended at 97.57 rupees, yielding 6.88%, the highest since Jul. 1, 2019, versus 97.94 rupees, yielding 6.83% yesterday. Earlier today, the 10-year yield rose to 6.92%, topping yesterday's 15-basis-point increase.
- ❖ India's government aims to gross borrow a record 14.95 trillion rupees via sale of bonds in the next fiscal year, sharply higher than estimates of around 13 trillion rupees. The govt. has revised this year's gross borrowing to 10.47 trillion rupees, from 12.05 trillion rupees earlier.
- ❖ India's fiscal deficit targets for this financial year and the next are higher than what Fitch Ratings had projected while affirming its 'BBB-' sovereign rating, the global ratings agency said today.
- ❖ Investors now keenly await the Monetary Policy Committee's decision, due Feb. 9, for further cues. The RBI's MPC has kept the key policy rate at record low since May 2020 and has stayed accommodative to lift the economy ravaged by the Covid-19 pandemic, despite several above-target inflation readings.
- ❖ India is in discussions to include its sovereign debt on global indices but favours taxing capital gains in transactions where one party is domestic, a senior finance ministry official said yesterday.
- ❖ The benchmark Brent crude futures rose 0.2% to \$89.35 a barrel, after declining 2.2% yesterday, its biggest single day drop in over a month.
- ❖ The Indian rupee extended yesterday's losses against the U.S. currency, as traders squared off their dollar short positions amid fading hopes that local bonds will be included on global indices this year. The rupee ended at 74.84 per dollar, compared with 74.79 in the previous session.
- ❖ Repo: The weighted average call rates in the interbank segment increased to 3.29 vs 3.25% as on previous day while that in the TREP segment increased to 3.46 % vs 3.39 % as on previous day.

Market Observations

G-sec

- Bond yields surged for the second consecutive session as the record government borrowing planned for the next fiscal year and a delay in the process of inclusion of Indian bonds in global indices continued to rattle investors.

Corporate Bonds

- Major buying activity was seen by Pension Funds, whereas Mutual Funds were on the selling side.

CP

- Demand was seen in the 2-3month segments. Banking system liquidity expected to widen this month as government spending may pick up.

CD

- Shorter maturity segments of 2-3month seen some demand. The 5-year OIS rate jumped as borrowing for the next fiscal remains a concern coupled with higher U.S. yields and soaring oil prices. 5-year OIS rate at 5.85%, while 1 year rate at 4.53%.

GOI Yield	2-Feb	1-Feb	24-Jan	5-Jan
1 Year	4.610	4.550	4.470	4.220
5 Year	6.227	6.131	6.072	5.850
10 Year	6.881	6.846	6.659	6.508

AAA Brnk	2-Feb	1-Feb	24-Jan	5-Jan
1 Year	4.90	4.90	4.80	4.75
5 Year	6.40	6.40	6.25	6.22
10 Year	7.18	7.18	7.10	6.95

CD	2-Feb	1-Feb	24-Jan	5-Jan
3 Month	4.02	3.95	3.80	3.55
6 Month	4.25	4.15	4.00	4.00
1 Year	4.90	4.80	4.65	4.55

CP	2-Feb	1-Feb	24-Jan	5-Jan
3 Month	4.10	4.22	4.07	3.90
6 Month	4.55	4.82	4.67	4.50
1 Year	5.05	5.23	5.08	4.95

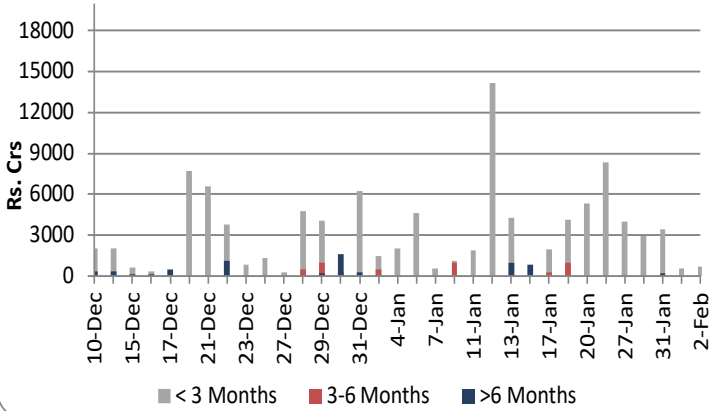
OIS Rate	2-Feb	1-Feb	24-Jan	5-Jan
1 Year	4.53	4.51	4.43	4.38
2 Year	5.13	5.07	4.96	4.90
3 Year	5.50	5.44	5.28	5.25
5 Year	5.85	5.76	5.61	5.55

	2-Feb	1-Feb	24-Jan	5-Jan
Sensex	59,558	58,863	57,492	60,223
Nifty	17,780	17,577	17,149	17,925
USD/INR	74.84	74.79	74.56	74.36
Gold (USD)	1,803	1,801	1,843	1,810
Oil (USD)	89.10	89.16	86.27	80.80

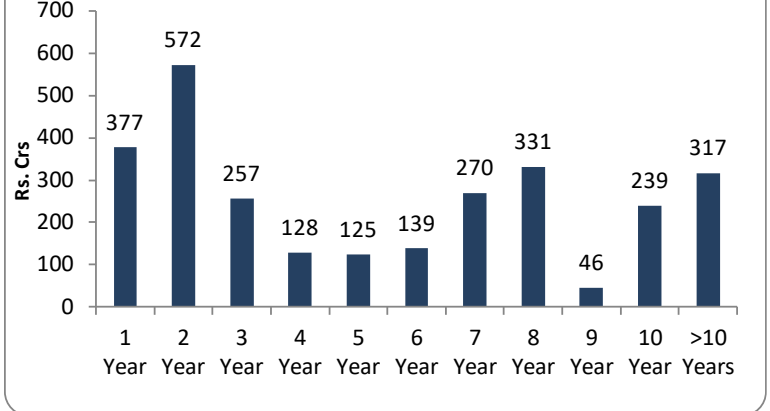
NDF	2-Feb	1-Feb	24-Jan	5-Jan
3 Month	75.68	75.60	75.20	75.26
1 Year	78.15	77.99	77.93	77.81
2 Year	81.78	81.38	81.26	81.45
3 Year	84.74	85.43	85.33	85.34



CP Primary Volume



Bonds Volume



10 Year Benchmarks	2-Feb	1-Feb	24-Jan	5-Jan
India	6.88	6.83	6.65	6.51
US	1.79	1.79	1.78	1.70
South Korea	2.59	2.59	2.54	2.38
Russia	9.31	9.44	9.75	8.37
Brazil	11.29	11.29	11.54	11.30
Germany	0.04	0.04	-0.10	-0.12
China	2.72	2.72	2.69	2.81

Top Traded Securities	Volume	2-Feb	1-Feb	24-Jan	5-Jan
5.15 GOI 2025	3120	#N/A	5.90	#N/A	5.71
5.63 GOI 2026	1310	6.08	6.00	5.94	5.85
5.74 GOI 2026	13170	6.23	6.13	6.07	5.93
6.10 GOI 2031	0	6.91	6.85	6.66	6.51
6.64 GOI 2035	0	7.28	7.26	7.11	6.98
6.67 GOI 2035	0	7.32	7.26	7.11	6.98

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
31-Jan-22	7518	4200	3318

EQUITY		
Gross Purchase	Gross Sales	Net Investment
8475	8779	-304

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
15994	12979	3014

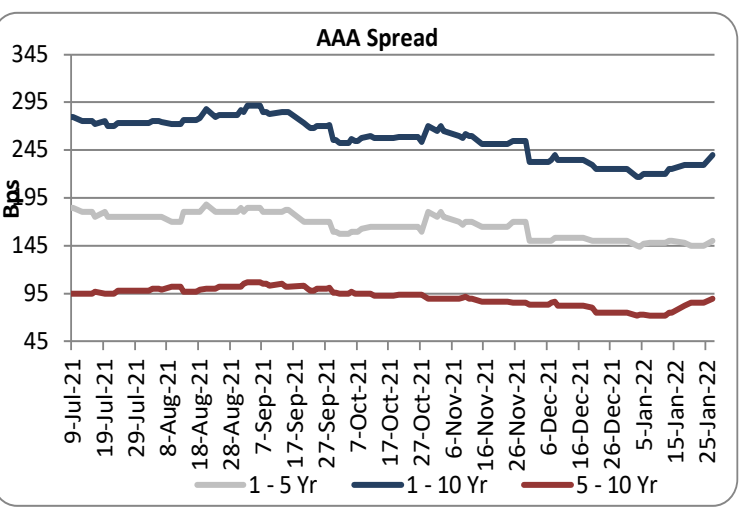
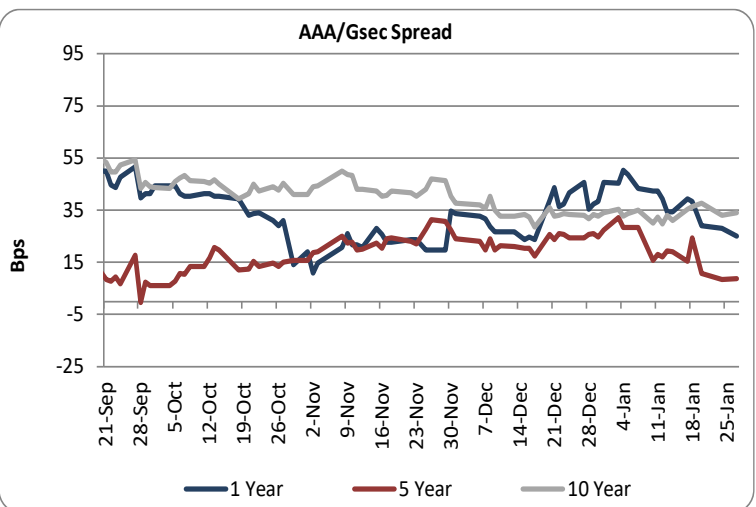
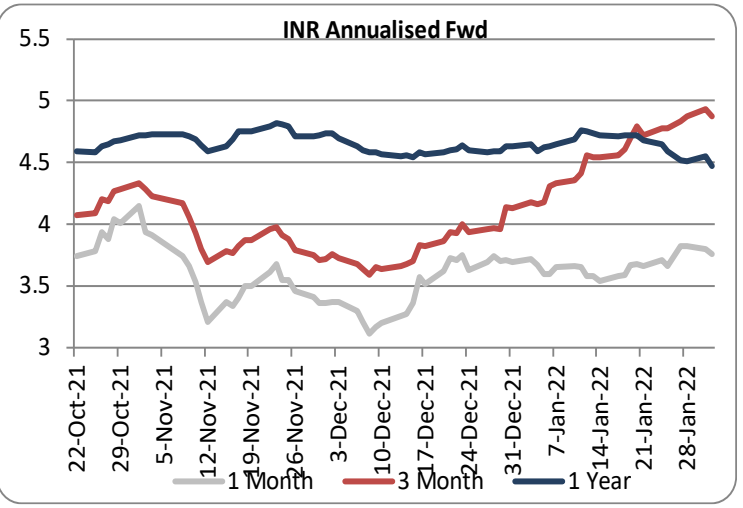
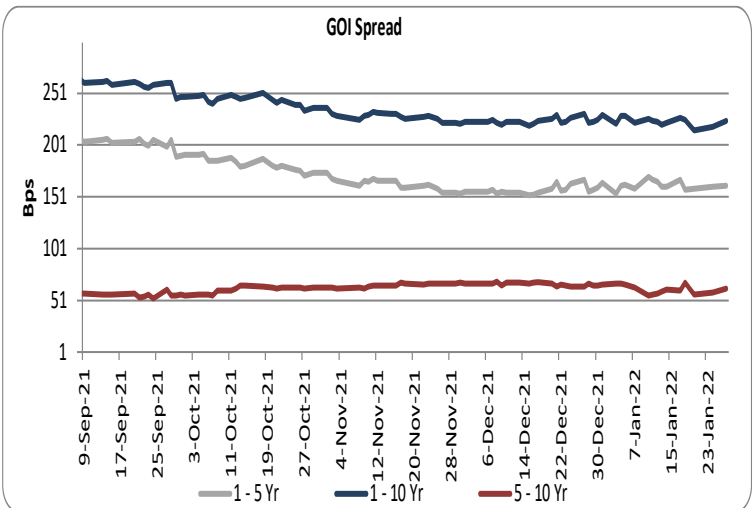
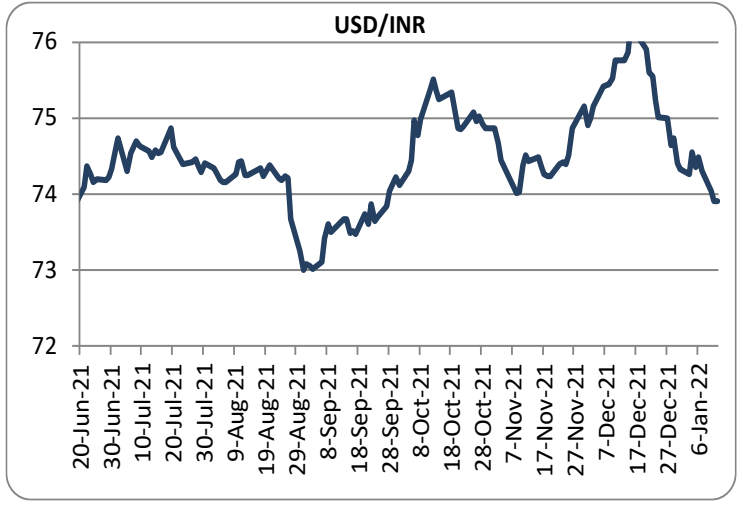
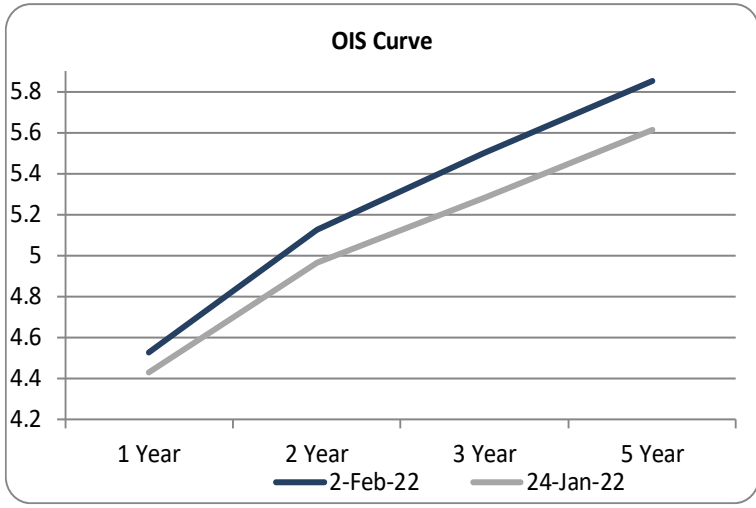
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
2-Feb-22	50	722	-672

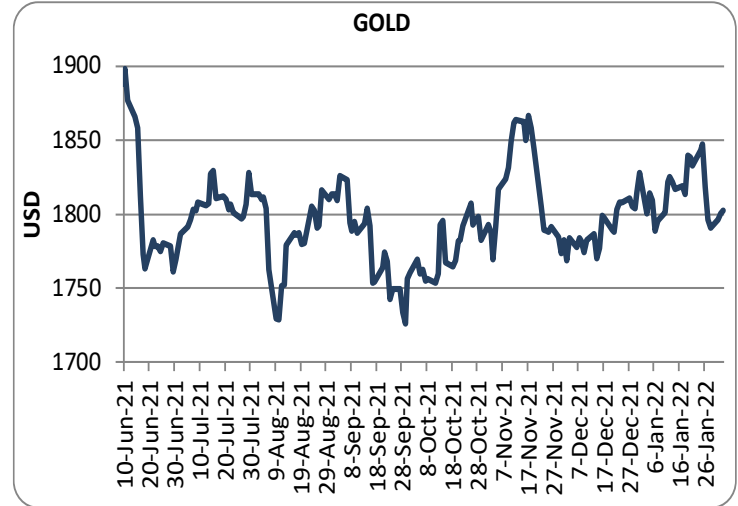
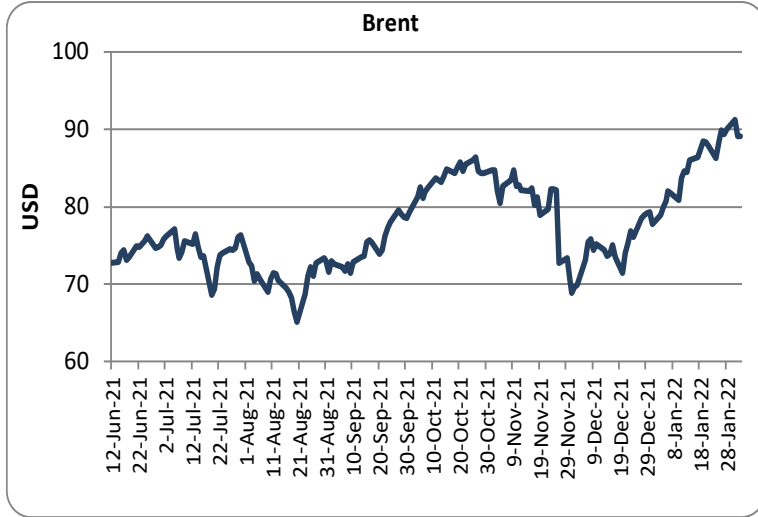
EQUITY		
Gross Purchase	Gross Sales	Net Investment
6725	6820	-96

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
6775	7542	-767

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-21	8.4	20.1
CAD (\$ Bn)	Sep-21	-9.6	6.6
Trade Deficit (\$ Bn)	Sep-21	-44.4	-30.7
WPI (%)	Dec-21	13.6	14.2
CPI (%)	Dec-21	5.6	4.9
IIP (%)	Nov-21	1.4	3.2
PMI Manufacturing	Jan-22	54	55.5
PMI Service	Dec-21	55.5	58.1

Economic Calender	Country	Date	Poll	Prior
Bank Rate	UK	03-Feb-22	0.50	0.25
CPI	Phillippines	03-Feb-22	3.10	3.60
Retail Sales	Euro Zone	04-Feb-22	5.10	7.80
Unemployment Rate	US	04-Feb-22	3.90	3.90
Repo	India	09-Feb-22	-	4.00
CRR	India	09-Feb-22	-	4.00
Retail Sales	Brazil	09-Feb-22	-	(4.20)
CPI	Russia	09-Feb-22	8.80	8.40





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

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