



INDIA

Indian government bond yields ended marginally higher for the second consecutive session of the New Year as traders digested a heavy state debt supply calendar for the quarter, while awaiting more triggers.

The 10-year benchmark bond yield ended at 7.2105% on Tuesday, after closing at 7.1969% in the previous session.

Due to higher than expected borrowing announcements in the indicative calendar released by states, some selling pressure and profit booking is seen. States sold 10-year bonds at 7.74% yield and the spread with the benchmark government bond yield jumped to its highest level in two years. Traders anticipate investors demanding higher premiums over federal government debt in the coming weeks.

Foreign investors notched a remarkable jump in the last three months of 2023, with inflows reaching a six-year high. Further, traders anticipate the bond yield curve to "bull steepen" this year on expected interest rate cuts from U.S. and Indian central banks.

The 10-year U.S. yield rose in Asian hours and was around the 3.95% mark, with traders anticipating the Federal Reserve to cut rates from as early as March.

Oil prices rose more than 2% in the first session of the New Year, boosted by potential disruption to Middle East supply.

The Indian rupee weakened 0.09% versus the U.S. dollar, and quoted at 83.32 per dollar in line with broad weakness in Asian currencies, and pressured by U.S. dollar demand from oil companies and foreign banks.

Repo: The weighted average call rates in the interbank segment decreased to 6.77% vs 6.78% as on the previous day while that the TREP segment decreased to 6.74% vs 6.76% as on the previous day.

GOI Yield	2-Jan	1-Jan	27-Dec	5-Dec
1 Year	7.090	7.100	7.130	7.140
5 Year	7.091	7.086	7.100	7.224
10 Year	7.211	7.197	7.207	7.257

AAA Bmk	2-Jan	1-Jan	27-Dec	5-Dec
1 Year	7.87	7.84	7.82	7.77
5 Year	7.74	7.74	7.75	7.81
10 Year	7.70	7.70	7.70	7.78

CD	2-Jan	1-Jan	27-Dec	5-Dec
3 Month	7.55	7.45	7.45	7.35
6 Month	7.65	7.60	7.80	7.60
1 Year	7.85	7.90	7.90	7.75

CP	2-Jan	1-Jan	27-Dec	5-Dec
3 Month	7.65	7.50	7.70	7.80
6 Month	7.75	7.70	8.00	8.00
1 Year	8.00	8.00	8.05	8.15

OIS Rate	2-Jan	1-Jan	27-Dec	5-Dec
1 Year	6.65	6.63	6.64	6.85
2 Year	6.33	6.29	6.29	6.56
3 Year	6.28	6.24	6.24	6.50
5 Year	6.23	6.20	6.20	6.47

	2-Jan	1-Jan	27-Dec	5-Dec
Sensex	71,892	72,272	72,038	69,296
Nifty	21,666	21,742	21,655	20,855
USD/INR	83.32	83.24	83.35	83.38
Gold (USD)	2,069	-	2,077	2,019
Oil (USD)	78.68	77.04	79.65	77.20

NDF	2-Jan	1-Jan	27-Dec	5-Dec
3 Month	83.52	83.49	83.48	83.51
1 Year	84.83	84.70	84.77	84.78
2 Year	87.48	87.28	87.30	87.14
3 Year	90.53	90.18	90.20	89.99

**Market Observations**

**G-sec**

- SDL cut off was in line with market expectations.
- Demand was seen in 10 and 11 years SDLs at 7.72 centric levels.

**Corporate Bonds**

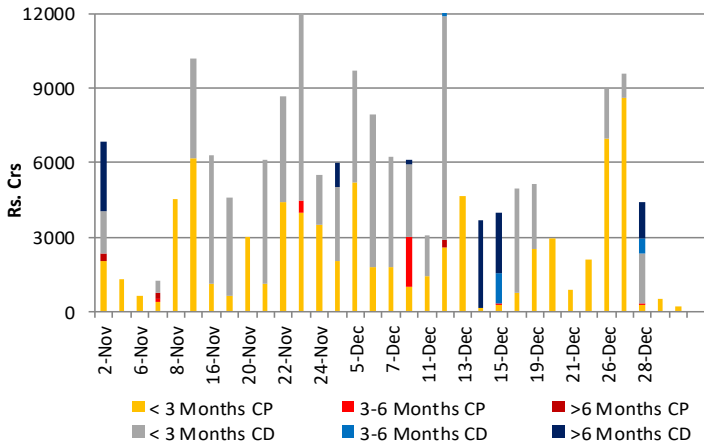
- Major activity was seen in up to 2024 papers and longer-end papers.
- Banks were seen selling and Mutual funds were buying in the 1-year segment.

**CP/CD**

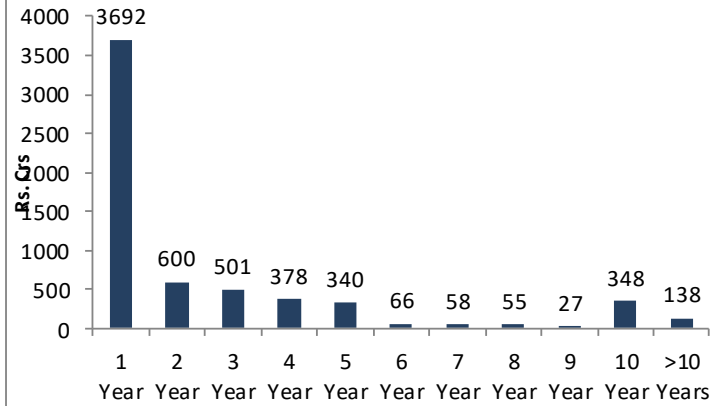
- Demand was seen in the 1 and 2-month segment.



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	2-Jan	1-Jan	27-Dec	5-Dec
India	7.21	7.20	7.21	7.26
US	3.95	3.86	3.79	4.17
South Korea	3.31	3.18	3.26	3.59
Russia	12.30	12.30	12.34	12.36
Brazil	10.36	10.36	10.28	11.01
Germany	2.08	2.03	1.90	2.24
China	2.59	2.58	2.59	2.69

Top Traded Securities	Volume	20-Dec	19-Dec	13-Dec	21-Nov
7.26 2033	410	#N/A	#N/A	#N/A	#N/A
7.06 2028	860	#N/A	#N/A	#N/A	#N/A
7.62 2039	-	7.22	7.21	7.31	7.34
7.30 2053	870	7.25	7.25	#N/A	#N/A
6.64 2035	-	7.31	7.29	7.36	7.37
7.40 2035	215	7.27	7.25	7.35	7.37

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
29-Dec-23	8811	7416	1395

EQUITY		
Gross Purchase	Gross Sales	Net Investment
5682	5825	-143

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
14493	13241	1252

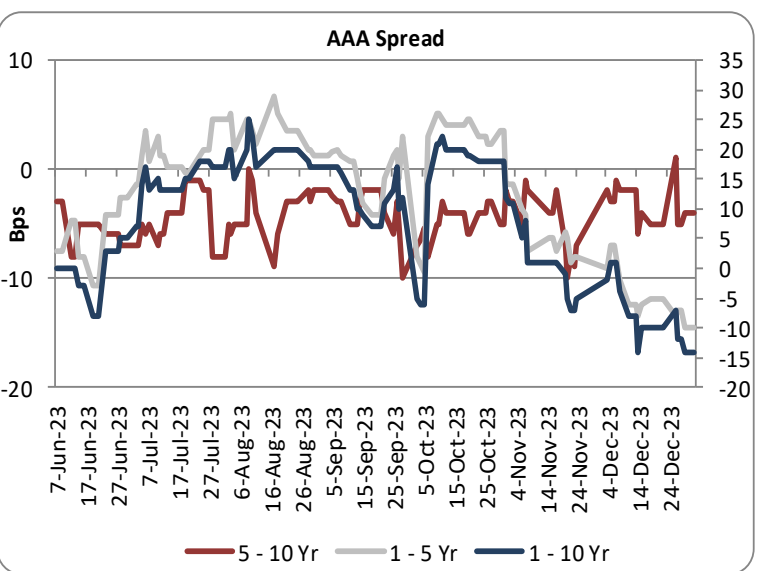
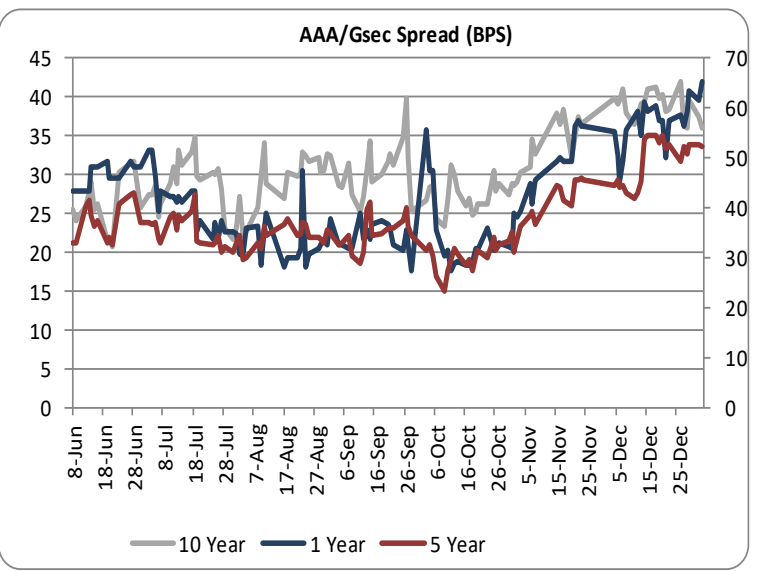
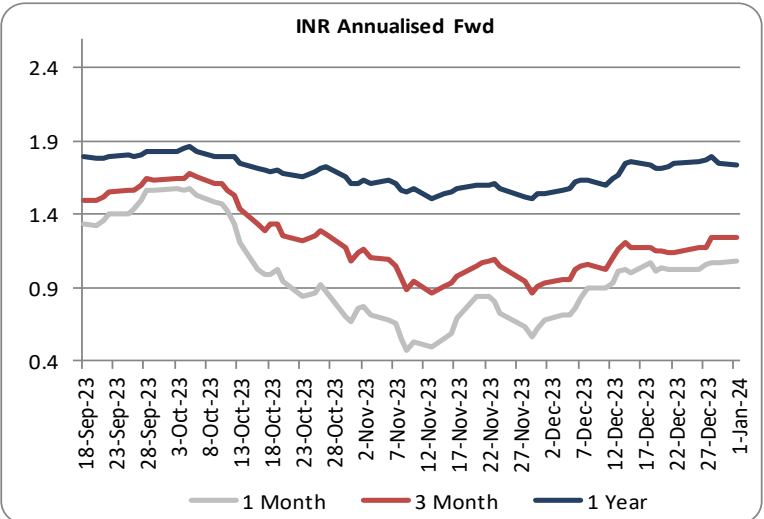
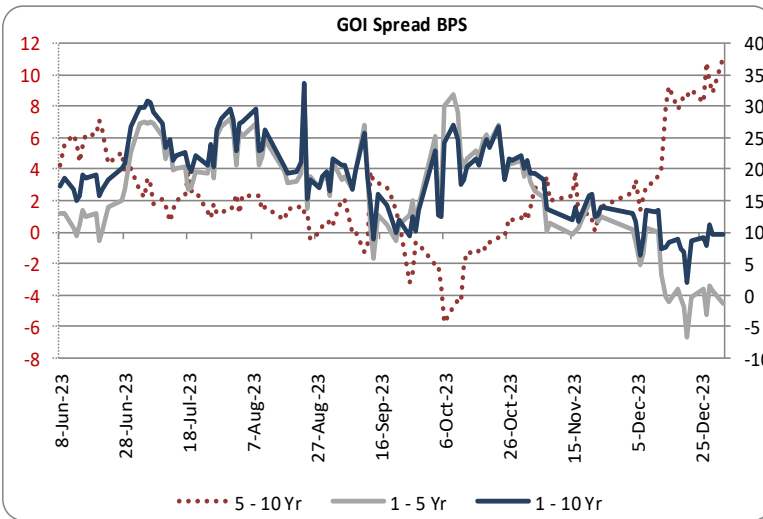
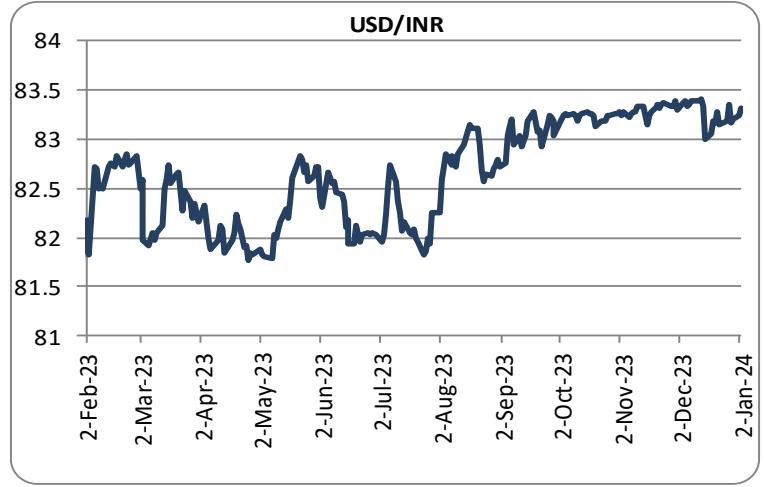
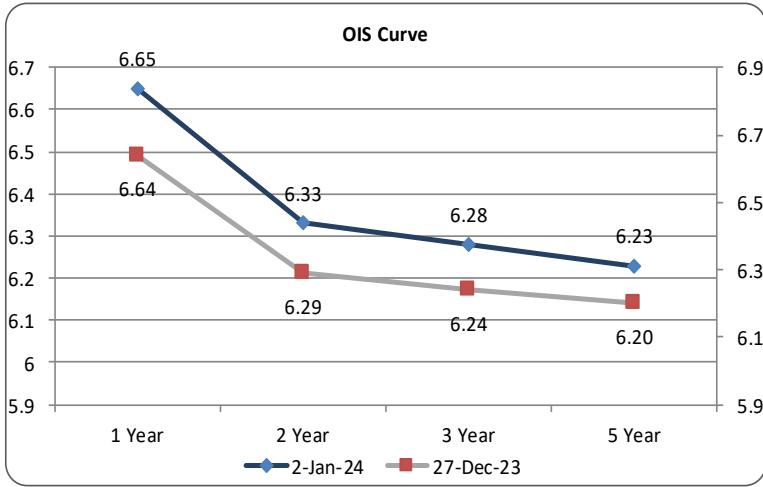
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
2-Jan-24	170	83	87

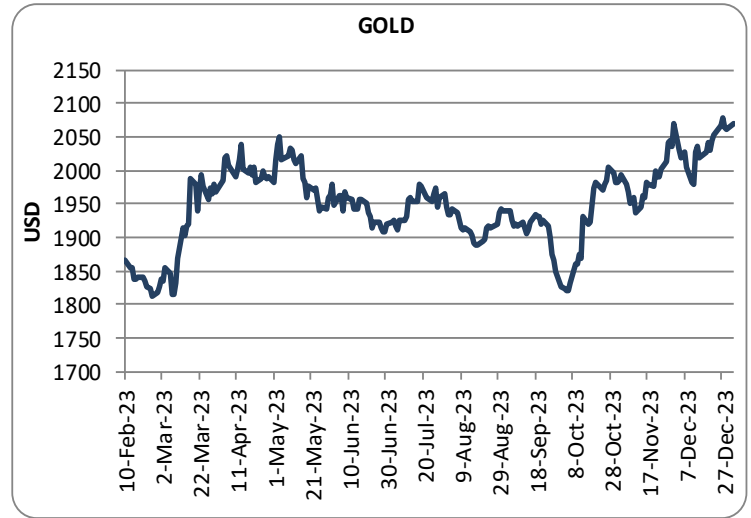
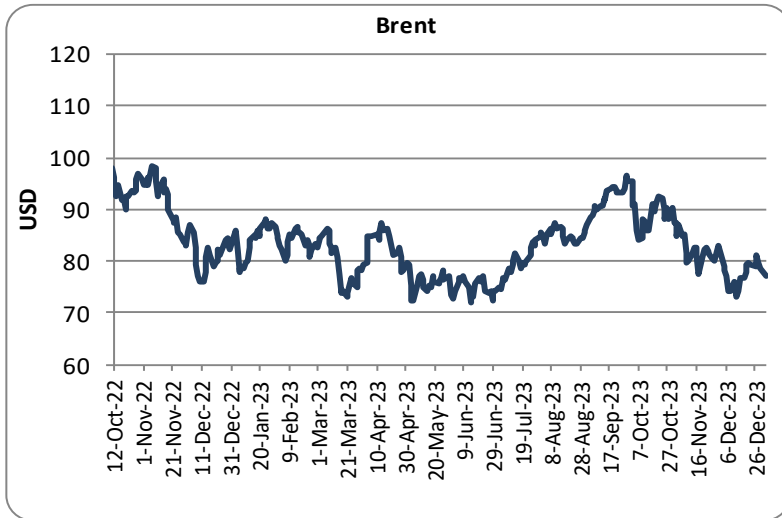
EQUITY		
Gross Purchase	Gross Sales	Net Investment
2427	2174	253

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
2597	2257	340

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 (%)	Nov-23	0.3	-0.5
CPI (%)	Nov-23	5.6	4.9
IIP (%)	Oct-23	11.7	5.8
PMI Manufacturing	Nov-23	56	55.5
PMI Service	Nov-23	56.9	58.4

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Russia	27-Dec-23	2.9	2.9
Industrial Output	Japan	28-Dec-23	3.00	1.10
Retail Sales	Japan	28-Dec-23	5.00	4.20
CPI	Japan	29-Dec-23	3.26	3.30
CPI	Germany	04-Jan-24	3.70	3.20
Industrial Output	Brazil	05-Jan-24	0.20	1.20
Unemployment Rate	USA	05-Jan-24	3.80	3.70
Unemployment Rate	Canada	05-Jan-24	5.90	5.80





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

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