



# BONDWATCH

Daily

July 02, 2024

INDIA

Indian government bond yields ended little changed on Tuesday, showing a muted reaction to a surge in U.S. Treasury yields led by political uncertainties.

The benchmark 10-year yield ended at 7.0112%, following its previous close of 7.0105%.

The 10-year government bond yield has hovered around 7%-mark for the past few sessions on expected foreign inflows post the inclusion of securities in the JP Morgan Emerging Market Index.

Indian bonds received inflows of around \$200 million each on the first two days of the inclusion, while overall bond purchases under the Fully Accessible Route have risen above \$11 billion since the announcement last September.

Meanwhile, U.S. bond yields have been rising, with the 10-year yield jumping to a one-month high and nearly hitting 4.50% on Monday as uncertainty around the U.S. and the French elections led to caution.

Investors have raised bets that former President Donald Trump may beat U.S. President Joe Biden at the elections due in November, especially after last week's debate. This has led to a selloff in longer-dated papers.

Investors are anticipating 46 basis points of rate cuts from the Federal Reserve in 2024.

Oil prices gained about 2% since last week to a two-month high on hopes of rising demand and worries that conflict in the Middle East could spread and reduce global oil supplies.

The Indian rupee weakened 0.08% versus the U.S. dollar, and quoted at 83.50 per dollar, hurt by the offshore Chinese yuan's decline and dollar demand from local importers.

Repo: The weighted average call rates in the interbank segment increased to 6.49% vs 6.54% as on the previous day while that the TREP segment decreased to 6.35% vs 6.45% as on the previous day.

## Market Observations

### G-sec

- Demand was seen in shorter end of curve.
- Mutual funds bought 1 month to 1-year assets size from banks and life insurance companies.

### Corporate Bonds

- Major activity was seen 2025-2027 segment.
- Mutual funds, banks and life insurance companies were active and banks and life insurance companies were seen on the selling side.

### CP/CD

- Activity was seen throughout all segments.

GOI Yield	2-Jul	1-Jul	25-Jun	4-Jun
1 Year	6.940	6.950	6.950	7.010
5 Year	7.003	7.003	6.989	7.104
10 Year	7.011	7.011	6.986	7.038

AAA Bmk	2-Jul	1-Jul	25-Jun	4-Jun
1 Year	7.72	7.72	7.72	7.70
5 Year	7.65	7.65	7.67	7.64
10 Year	7.55	7.55	7.53	7.57

CD	2-Jul	1-Jul	25-Jun	4-Jun
3 Month	7.18	7.18	7.19	7.15
6 Month	7.45	7.50	7.55	7.45
1 Year	7.65	7.70	7.70	7.72

CP	2-Jul	1-Jul	25-Jun	4-Jun
3 Month	7.30	7.30	7.30	7.20
6 Month	7.55	7.60	7.65	7.55
1 Year	7.75	7.80	7.80	7.80

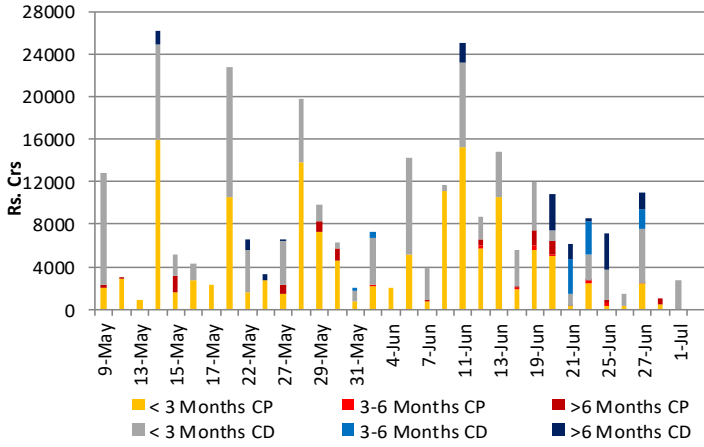
OIS Rate	2-Jul	1-Jul	25-Jun	4-Jun
1 Year	6.81	6.81	6.79	6.85
2 Year	6.57	6.57	6.52	6.58
3 Year	6.50	6.50	6.45	6.52
5 Year	6.45	6.45	6.38	6.46

	2-Jul	1-Jul	25-Jun	4-Jun
Sensex	79,441	79,476	78,054	72,079
Nifty	24,124	24,142	23,721	21,885
USD/INR	83.51	83.44	83.43	83.53
Gold (USD)	2,325	2,332	2,319	2,328
Oil (USD)	87.29	86.60	85.01	77.52

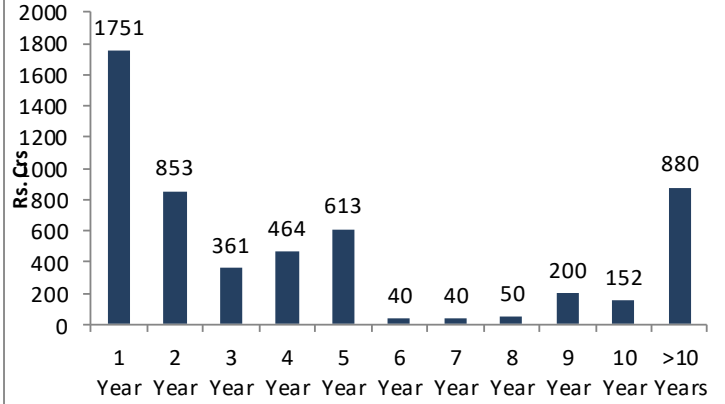
NDF	2-Jul	1-Jul	25-Jun	4-Jun
3 Month	83.72	83.69	83.64	83.79
1 Year	84.85	84.77	84.73	84.92
2 Year	86.82	86.88	86.91	86.95
3 Year	89.72	89.48	89.54	89.46



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	2-Jul	1-Jul	25-Jun	4-Jun
India	7.01	7.01	6.98	7.03
US	4.45	4.48	4.24	4.34
South Korea	3.28	3.31	3.27	3.48
Russia	15.11	15.11	15.11	14.88
Brazil	12.43	12.43	12.05	11.85
Germany	2.61	2.61	2.41	2.54
China	2.24	2.24	2.23	2.31

Top Traded Securities	Volume	26-Jun	25-Jun	19-Jun	27-May
7.26 2033	360	7.06	7.04	7.04	7.06
7.06 2028	650	7.01	6.99	6.98	7.03
7.62 2039	-	7.05	7.04	7.06	7.06
7.30 2053	780	7.05	7.04	7.05	7.12
6.64 2035	15	7.06	7.05	7.04	7.06
7.40 2035	-	7.08	7.04	7.01	7.05

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
27-Jun-24	35749	41767	-6018

EQUITY		
Gross Purchase	Gross Sales	Net Investment
5611	4660	950

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
41360	46428	-5068

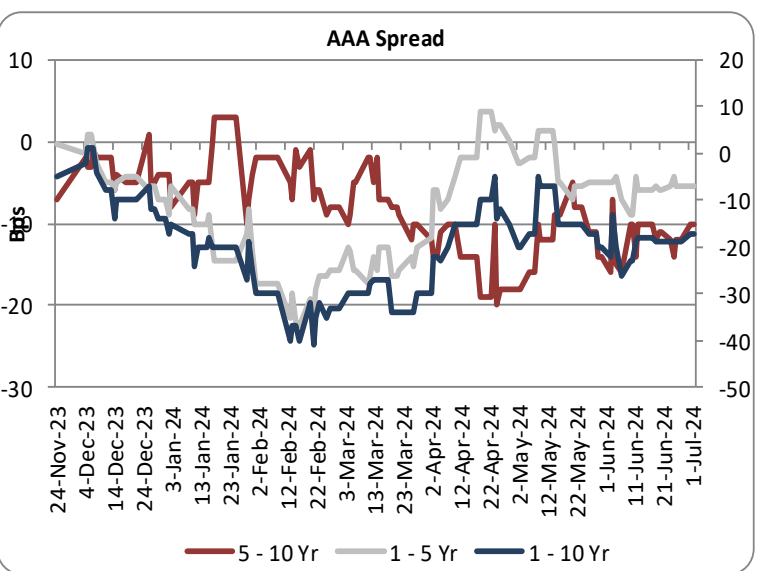
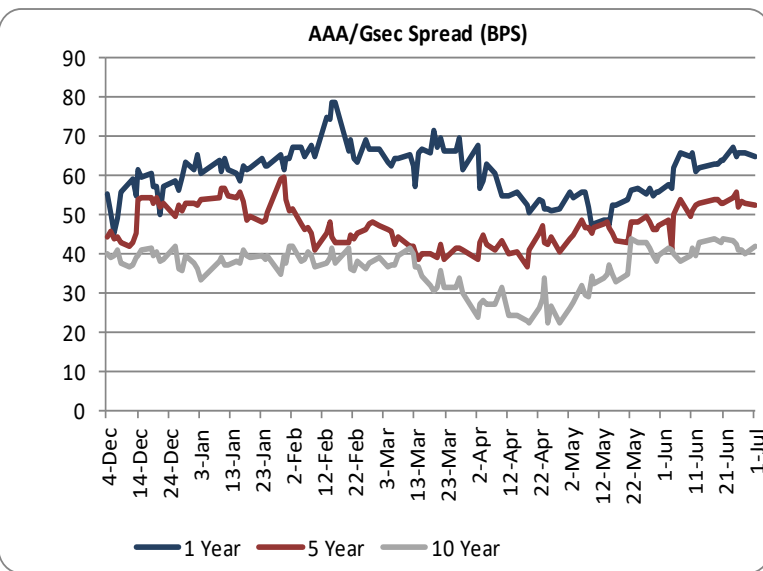
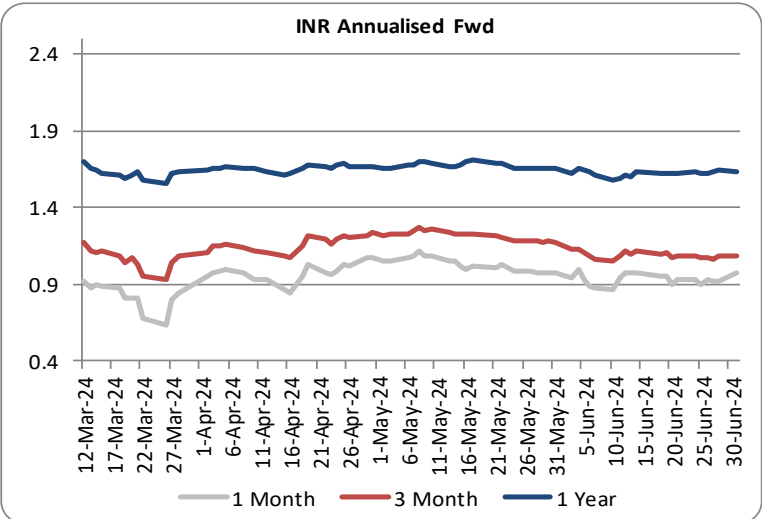
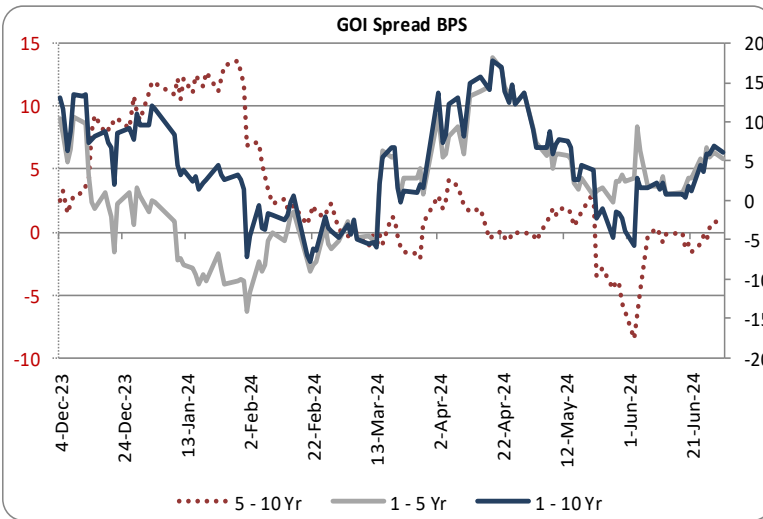
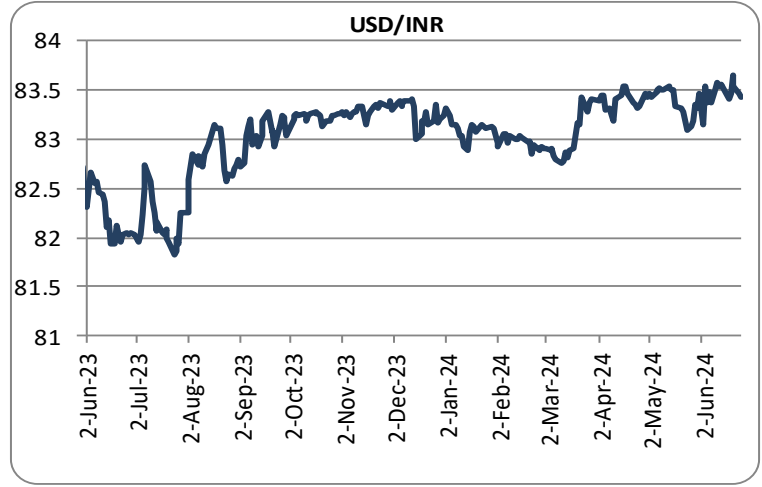
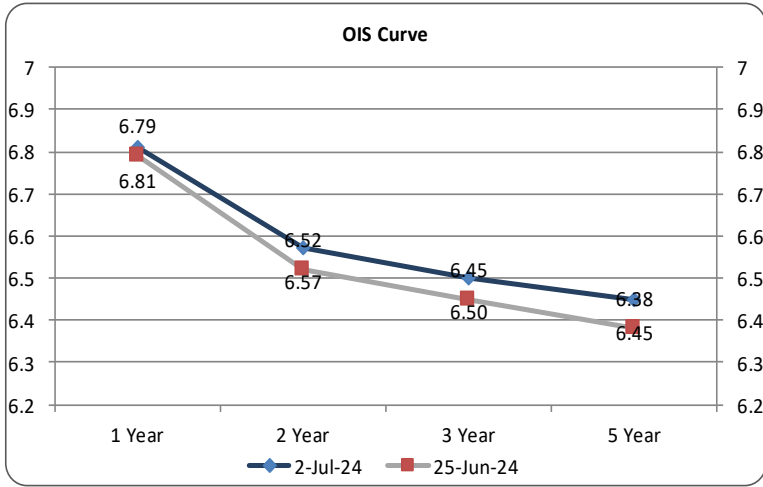
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
2-Jul-24	2133	970	1163

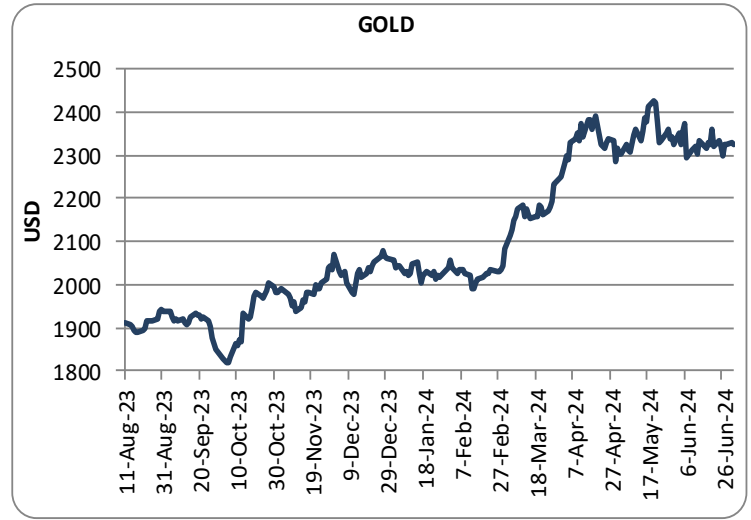
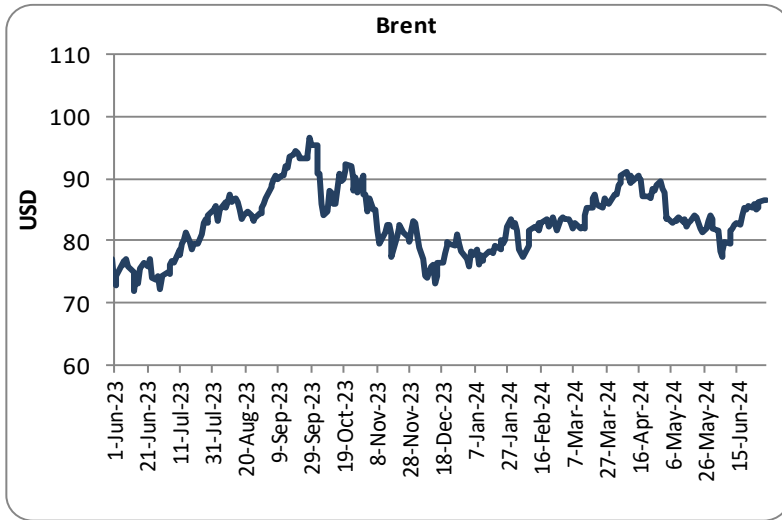
EQUITY		
Gross Purchase	Gross Sales	Net Investment
13688	14182	-494

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
15821	15152	669

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-24	7.8	8.4
CAD (\$ Bn)	Mar-24	5.7	-8.7
Trade Deficit (\$ Bn)	Mar-24	-50.9	-71.6
WPI (%)	May-24	2.6	1.3
CPI (%)	May-24	4.8	4.8
IIP (%)	Apr-24	5.0	5.4
PMI Manufacturing	Jun-24	58.3	57.5
PMI Service	May-24	60.2	60.8

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	2-Jul-24	0	2.7
CPI	Euro Zone	02-Jul-24	-	2.60
Unemployment Rate	Euro Zone	02-Jul-24	-	6.40
Industrial Output	Brazil	03-Jul-24	(1.50)	8.40
Unemployment Rate	USA	05-Jul-24	4.00	4.00
Industrial Output	UK	11-Jul-24	-	(0.40)
CPI	USA	11-Jul-24	-	3.30
Core CPI	USA	11-Jul-24	-	3.40





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

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