



# BONDWATCH

Daily

May 02, 2023

INDIA

Indian government bond yields ended lower in the first trading session of May after declining in April, as traders waited for the U.S. Federal Reserve's policy decision and debt auction this week.

The 10-year benchmark 7.26% 2033 bond yield ended at 7.0924%, after closing at 7.1196% on Friday. The benchmark bond yield plunged 20 basis points in April on bets of policy pivots.

The Fed policy decision is due post Indian market hours on Wednesday, with odds of a 25 basis point rate hike near 95 and focus on Chair Jerome Powell's comments. The 10-year U.S. yield was above the 3.55% mark.

A hawkish Fed could influence the Reserve Bank of India's policy outlook, even as it surprised with a status quo on rates last month, raising the bets of a prolonged pause.

Traders also await the weekly debt auction through which the central government aims to raise 330 billion rupees (\$4.03 billion) on Thursday.

Crude oil prices remained subdued on Tuesday, pressured by data pointing to a slowdown in China's recovery and the second-biggest bank collapse in the United States since the 2008 crisis.

The Indian rupee weakened 0.07% versus the U.S. dollar, and quoted at 81.88 per dollar, as investors squared off their short positions ahead of rate decisions by the U.S. Federal Reserve and the European Central Bank this week.

Repo: The weighted average call rates in the interbank segment increased to 6.58% vs 6.20% as on the previous day while that the TREP segment decreased to 6.62% vs 6.76% as on the previous day.

GOI Yield	2-May	27-Apr	25-Apr	31-Mar
1 Year	6.980	6.970	7.000	7.250
5 Year	6.995	6.976	7.004	7.177
10 Year	7.092	7.099	7.130	7.318

AAA Bmk	2-May	27-Apr	25-Apr	31-Mar
1 Year	7.42	7.42	7.42	7.80
5 Year	7.45	7.45	7.50	7.65
10 Year	7.52	7.52	7.52	7.70

CD	2-May	27-Apr	25-Apr	31-Mar
3 Month	7.05	7.05	7.10	7.15
6 Month	7.30	7.25	7.30	7.30
1 Year	7.50	7.50	7.45	7.50

CP	2-May	27-Apr	25-Apr	31-Mar
3 Month	7.15	7.15	7.18	7.25
6 Month	7.40	7.40	7.40	7.40
1 Year	7.60	7.60	7.55	7.60

OIS Rate	2-May	27-Apr	25-Apr	31-Mar
1 Year	6.62	6.58	6.56	6.81
2 Year	6.25	6.19	6.16	6.38
3 Year	6.09	6.04	6.02	6.29
5 Year	6.09	6.03	6.02	6.30

	2-May	27-Apr	25-Apr	31-Mar
Sensex	61,355	60,649	60,131	58,992
Nifty	18,148	17,915	17,769	17,360
USD/INR	81.88	81.84	81.91	82.17
Gold (USD)	1,990	1,988	1,998	1,968
Oil (USD)	78.94	78.37	80.77	79.77

NDF	2-May	27-Apr	25-Apr	31-Mar
3 Month	82.22	82.12	82.38	82.52
1 Year	83.66	83.59	83.84	83.93
2 Year	85.80	85.90	85.98	86.50
3 Year	89.03	88.70	88.95	89.45

## Market Observations

### G-sec

- SDL cut off was in line with market expectation and much finer than last week's cut off as SDLs supplies are on lower side.

- Demand was seen in 10 to 12 years SDLs @7.45 centric levels.

- Demand was seen in 4months t-bill @6.90+ levels indicating a higher cut off in tomorrow's t-bill auction.

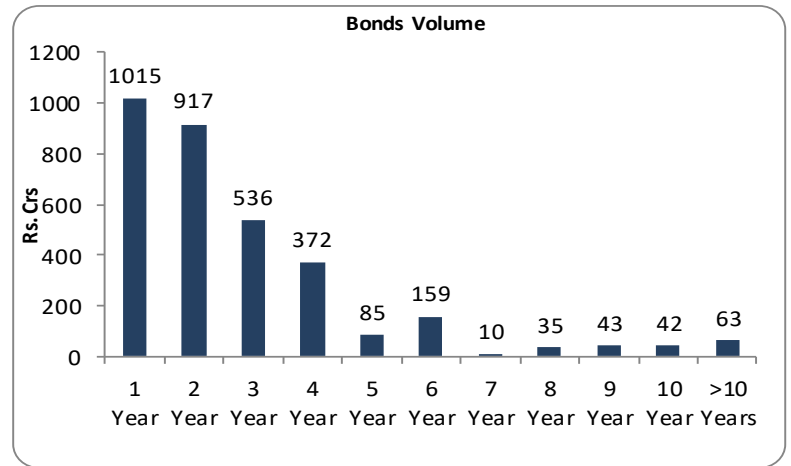
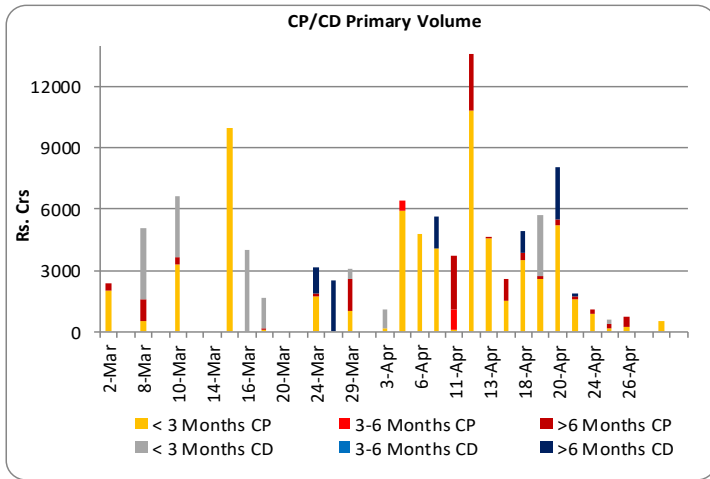
### Corporate Bonds

- Market volumes were relatively thin.

- Mutual funds were selling in the mid segment.

### CP/CD

- Corporates were selling and mutual funds were net buyers in the 3-month segment.



10 Year Benchmarks	2-May	27-Apr	25-Apr	31-Mar
India	7.10	7.10	7.11	7.32
US	3.53	3.53	3.40	3.49
South Korea	3.37	3.34	3.32	3.33
Russia	10.61	10.64	10.58	10.31
Brazil	12.45	12.36	12.44	12.93
Germany	2.36	2.45	2.38	2.31
China	2.79	2.79	2.82	2.86

Top Traded Securities	Volume	2-May	27-Apr	25-Apr	31-Mar
5.74 2026	110	6.96	6.95	6.96	7.17
7.38 2027	-	6.99	6.98	7.00	7.18
7.10 2029	55	7.06	7.04	7.07	7.22
6.54 2032	15	7.16	7.16	7.18	7.33
7.26 2032	-	7.15	7.14	7.16	7.32
7.54 2036	-	7.22	7.23	7.24	7.39

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
27-Apr-23	161	203	-42

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	203	0	203

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	364	203	161

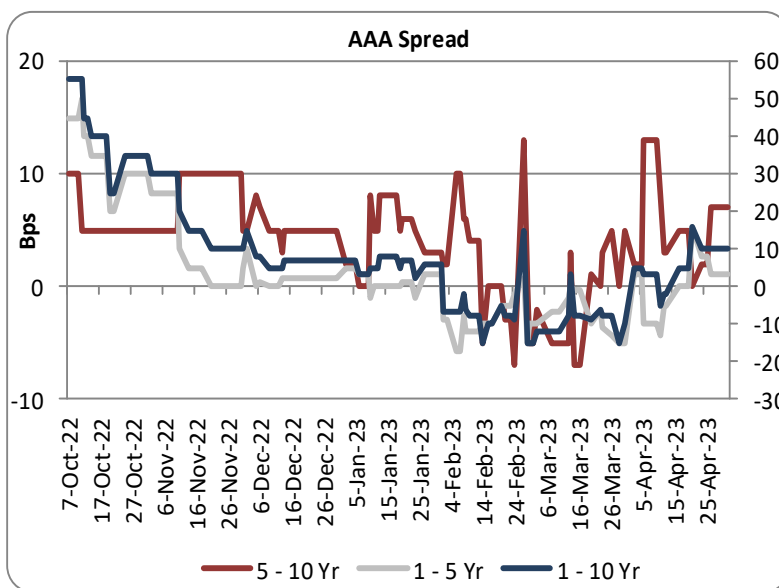
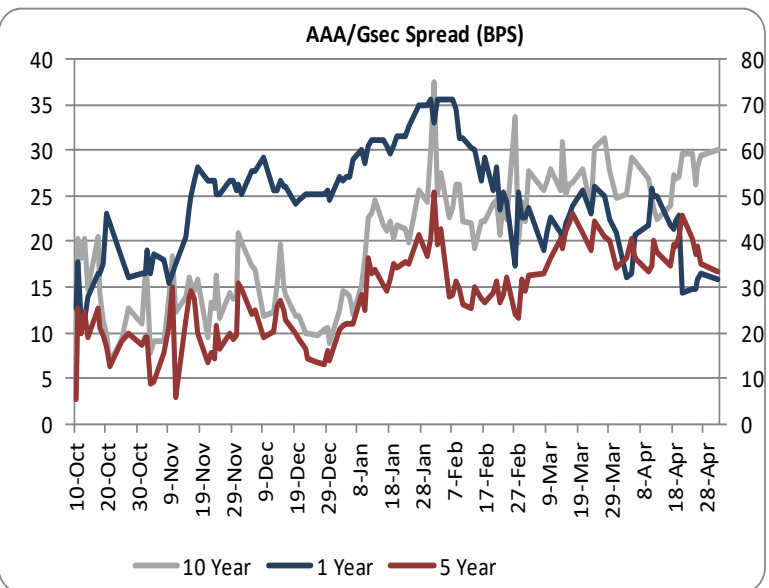
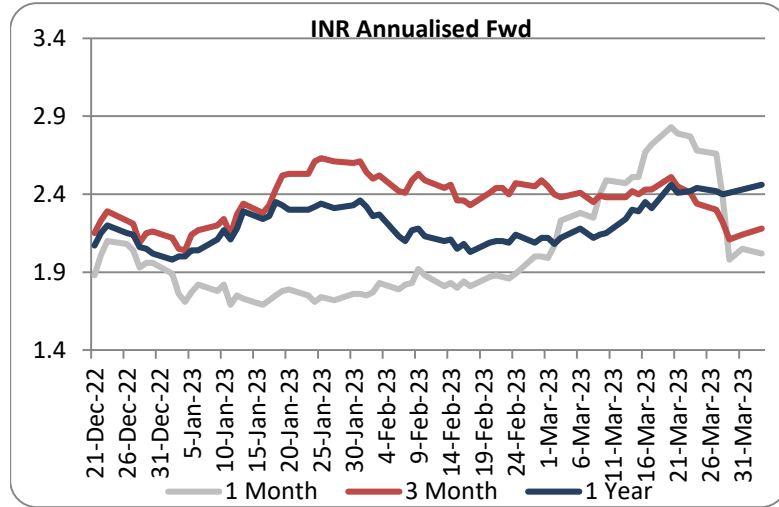
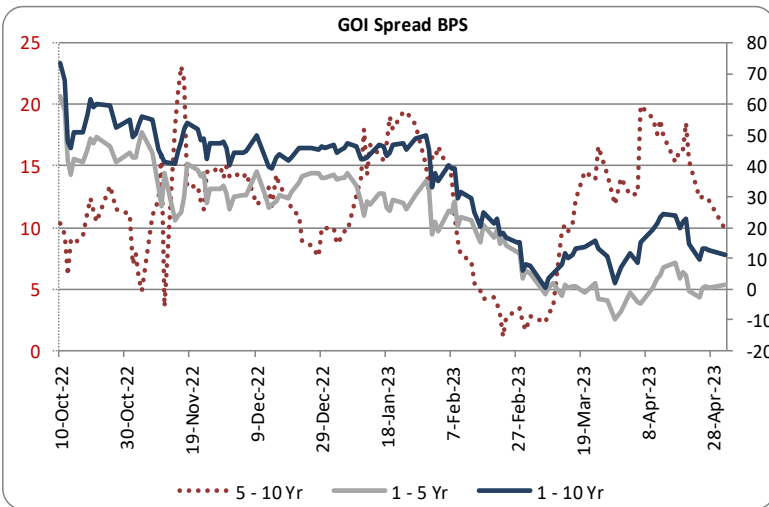
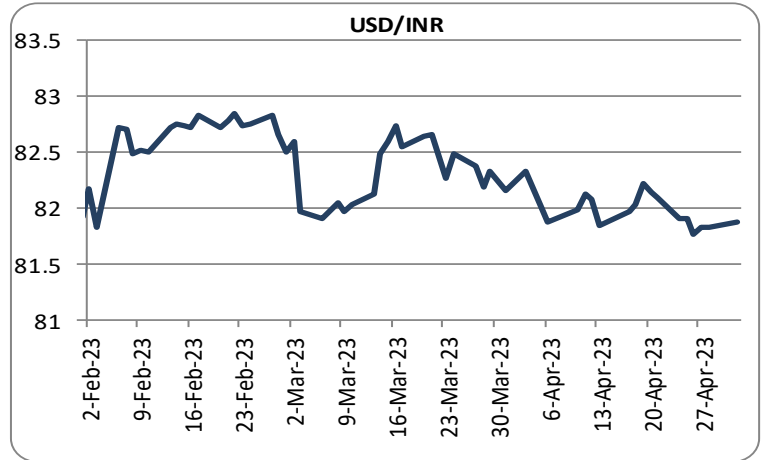
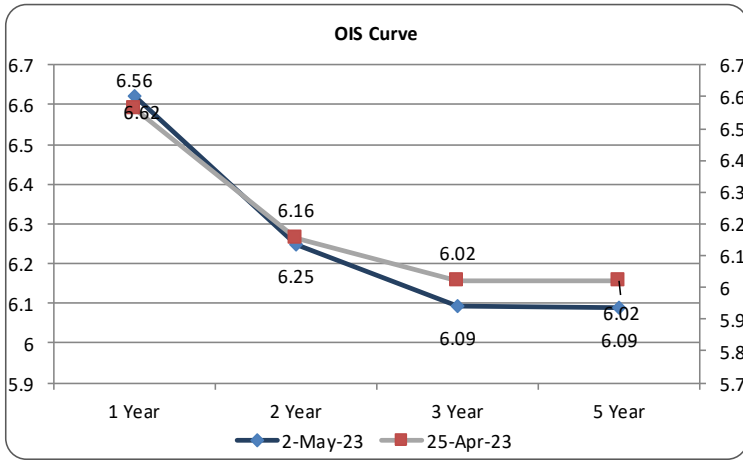
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
2-May-23	718	1001	-283

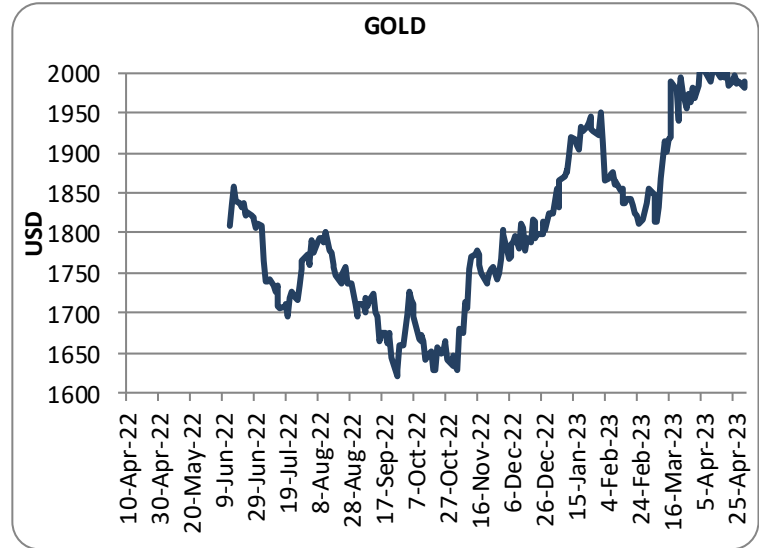
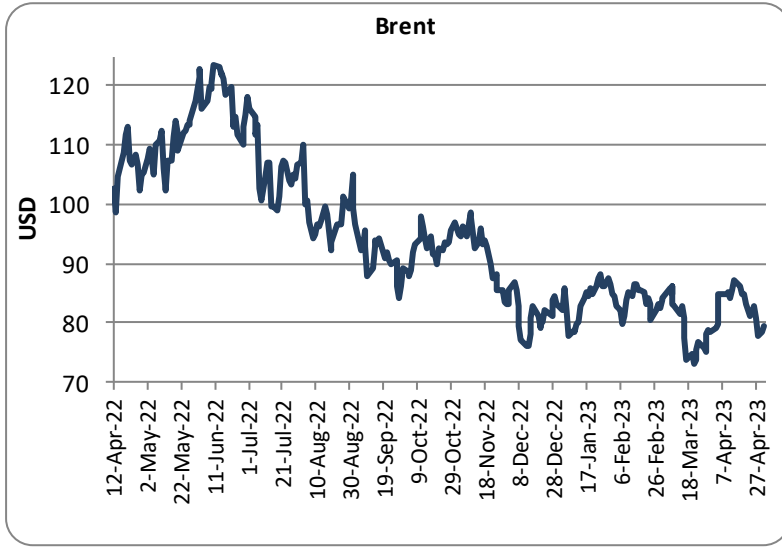
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	16900	10431	6469

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	17618	11433	6185

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Mar-23	1.3	3.9
CPI (%)	Mar-23	5.7	6.4
IIP (%)	Feb-23	5.6	5.2
PMI Manufacturing	Apr-23	57.2	56.4
PMI Service	Mar-23	57.8	59.4

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Euro Zone	03-May-23	6.60	6.60
Fed Fund Target Rate	USA	03-May-23	5-5.25	4.75-5
Retail Sales	Euro Zone	05-May-23	(3.10)	(3.00)
Unemployment Rate	USA	05-May-23	3.60	3.50
CPI	Germany	08-15-May-23	-	7.20
CPI	USA	10-May-23	-	5.00
Industrial Production	UK	10-15-May-23	-	(3.10)
CPI	China	11-May-23	-	7.20





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

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