



BONDWATCH

Daily

INDIA

March 03, 2023

Indian government bond yields eased on Friday, led by longer-duration bond yields, as investors indulged in value-buying after a spike in the previous session. The 10-year benchmark 7.26% 2032 bond yield ended at 7.4161%, after closing higher at 7.4386% on Thursday. The yield was flattish for the week after rising by 15 basis points (bps) in the last three weeks.

The Indian rupee gained 0.8% on Friday against the dollar, posting its biggest single-session rise in nearly four months after inflows in equity markets.

Longer-duration bond prices rallied, with traders not preferring shorter-duration notes amid bets of tightening liquidity in March.

Market participants expect India's banking system liquidity, which moved into surplus this week, to slip into deficit as the month progresses on heavy tax outflows and financing needs in the last month of the quarter.

The 10-year U.S. yield was off its high of 4.09% but continues to remain above the 4% mark. The two-year U.S. yield, a closer indicator of interest rate hikes, held around 4.90%, further widening the yield curve inversion.

U.S. yields were high amid expectations of 75-100 bps rate hikes by the Federal Reserve on strong economic data and stubbornly high inflation. Since March 2022, the Fed has raised rates by 450 bps to the 4.50%-4.75% band.

The Indian rupee strengthened 0.77% versus the U.S. dollar, and quoted at 81.96 per dollar on the back of the dollar's pullback and equity inflows.

Repo: The weighted average call rates in the interbank segment decreased to 6.31% vs 6.34% on the previous day while that the TREP segment increased to 6.25% vs 6.23% as on the previous day.

Market Observations

G-sec

- Demand was seen in 2026 and 2027 maturity SDLs at 7.60 centric levels. Major buyers were foreign banks and MFs. The major seller was Life insurance.

- Demand was seen 1 year maturity T-bill and Gsec as the short term rate seems to have peaked out.

Corporate Bonds

- April 2023 bonds yields were higher causing few insurance companies to deploy more of funds in this segment.

- 3-5 yr segment seen activity from MFs mostly.

CP/CD

- Demand seen in 1month to 1yr segment.

GOI Yield	3-Mar	2-Mar	24-Feb	3-Feb
1 Year	7.340	7.360	7.250	6.920
5 Year	7.389	7.423	7.391	7.107
10 Year	7.416	7.439	7.418	7.273

AAA Bmk	3-Mar	2-Mar	24-Feb	3-Feb
1 Year	7.95	7.95	7.87	7.75
5 Year	7.85	7.85	7.85	7.66
10 Year	7.83	7.80	7.78	7.68

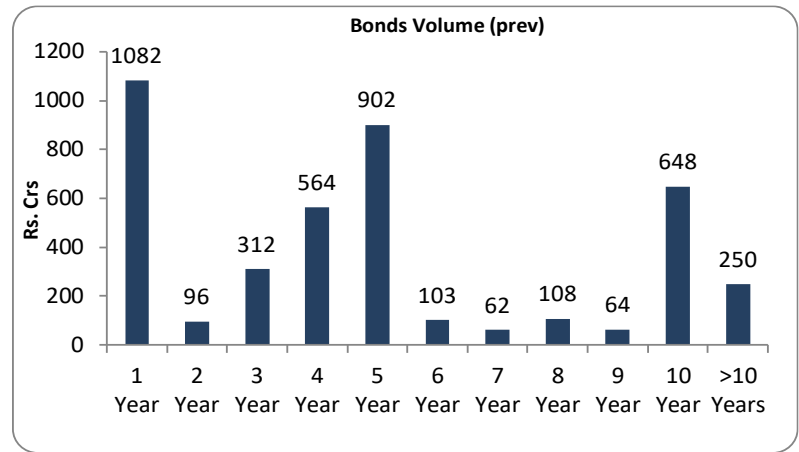
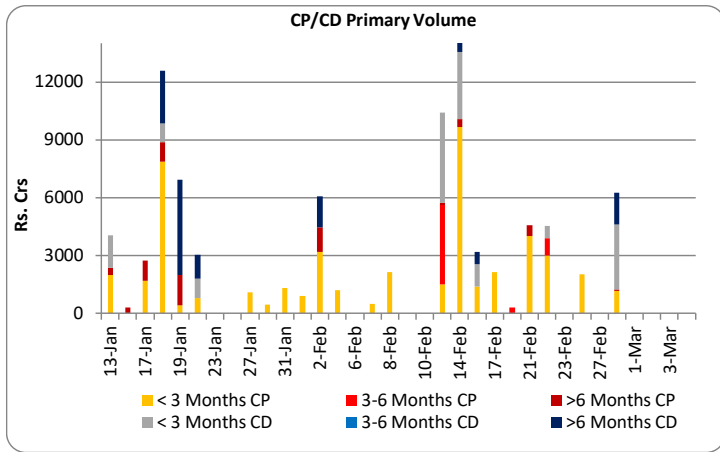
CD	3-Mar	2-Mar	24-Feb	3-Feb
3 Month	7.65	7.60	7.40	7.20
6 Month	7.85	7.75	7.70	7.65
1 Year	7.93	7.90	7.85	7.75

CP	3-Mar	2-Mar	24-Feb	3-Feb
3 Month	7.85	7.85	7.50	7.30
6 Month	8.10	7.90	7.80	7.75
1 Year	8.15	8.10	8.00	7.85

OIS Rate	3-Mar	2-Mar	24-Feb	3-Feb
1 Year	7.05	7.06	7.00	6.63
2 Year	6.74	6.78	6.73	6.23
3 Year	6.66	6.69	6.63	6.14
5 Year	6.65	6.69	6.63	6.15

	3-Mar	2-Mar	24-Feb	3-Feb
Sensex	59,809	58,909	59,464	60,842
Nifty	17,594	17,322	17,466	17,854
USD/INR	81.97	82.59	82.75	81.83
Gold (USD)	1,848	1,836	1,811	1,866
Oil (USD)	84.31	84.75	83.16	79.94

NDF	3-Mar	2-Mar	24-Feb	3-Feb
3 Month	82.41	82.87	83.45	82.98
1 Year	83.73	84.16	84.52	84.30
2 Year	85.69	86.02	86.72	86.19
3 Year	88.29	88.63	89.27	88.89



10 Year Benchmarks	3-Mar	2-Mar	24-Feb	3-Feb
India	7.42	7.43	7.42	7.28
US	4.01	4.07	3.95	3.53
South Korea	3.78	3.84	3.53	3.15
Russia	10.99	11.00	10.90	10.63
Brazil	13.62	13.62	13.44	13.36
Germany	2.71	2.75	2.53	2.20
China	2.92	2.93	2.92	2.93

Top Traded Securities	Volume	3-Mar	2-Mar	24-Feb	3-Feb
5.74 2026	175	7.36	7.40	7.38	7.08
7.38 2027	190	7.39	7.42	7.39	7.11
7.10 2029	5	7.40	7.43	7.40	7.20
6.54 2032	5	7.43	7.44	7.43	7.29
7.26 2032	-	7.42	7.44	7.42	7.28
7.54 2036	-	7.46	7.48	7.47	7.36

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
1-Mar-23	4042	3603	439

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6135	6979	-844

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10177	10582	-405

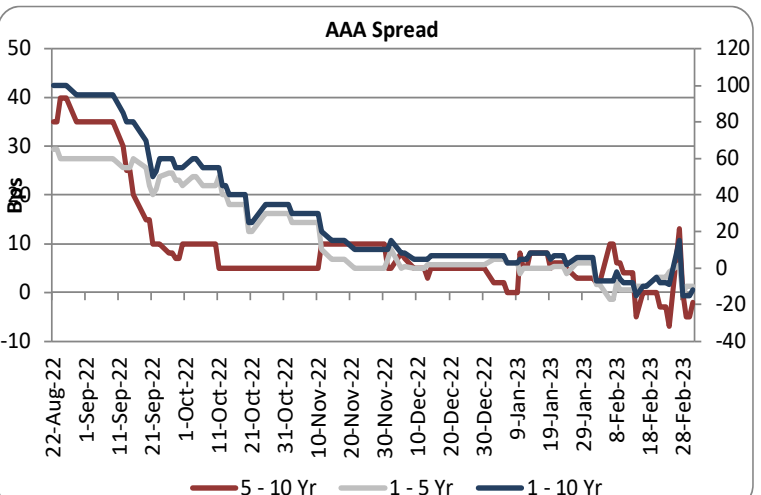
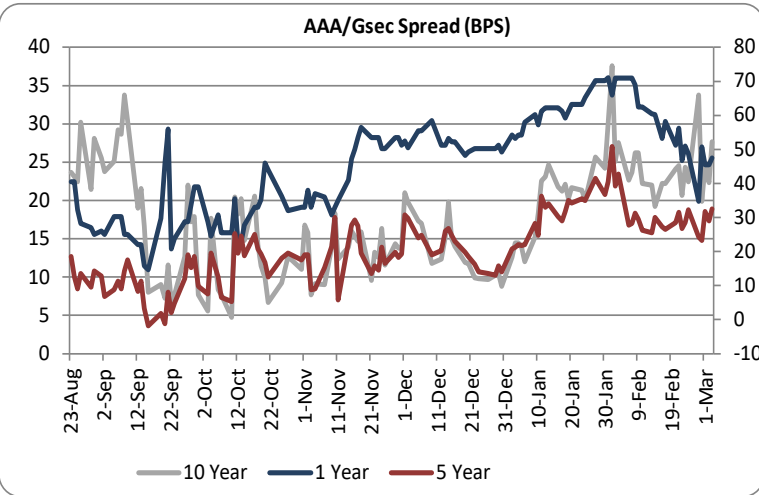
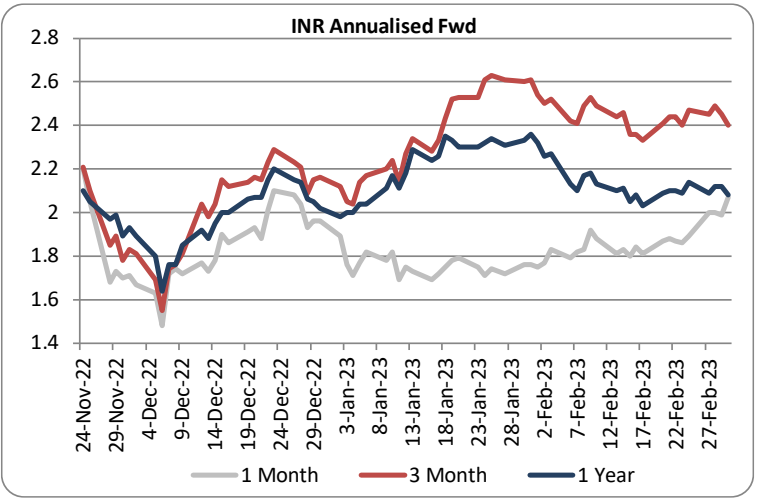
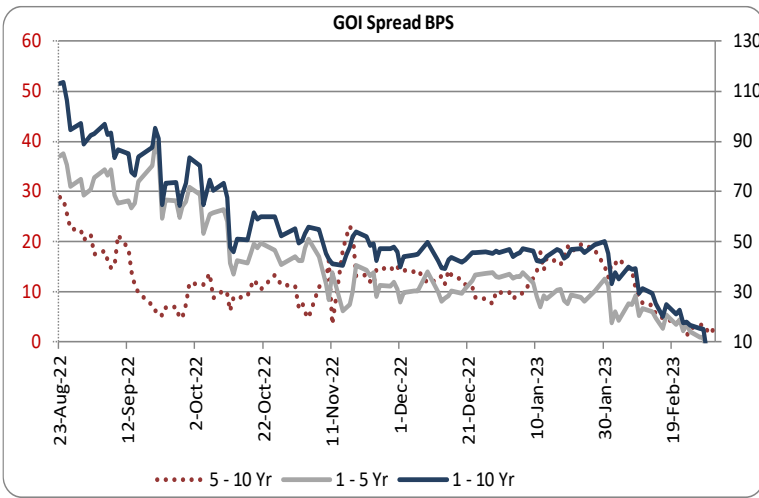
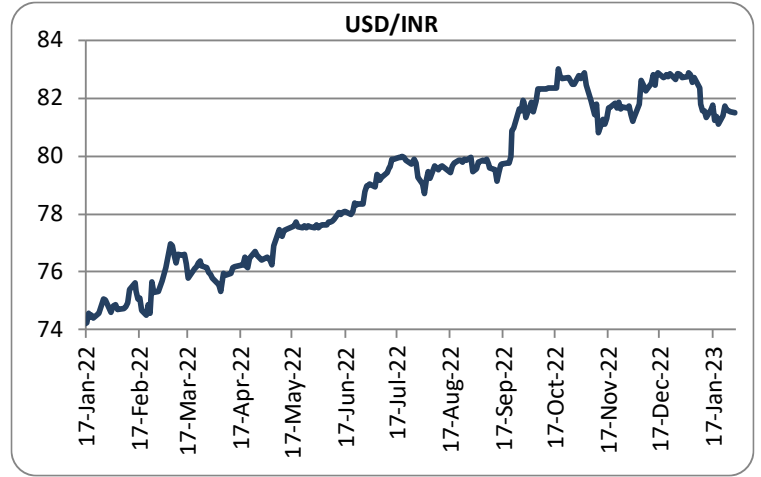
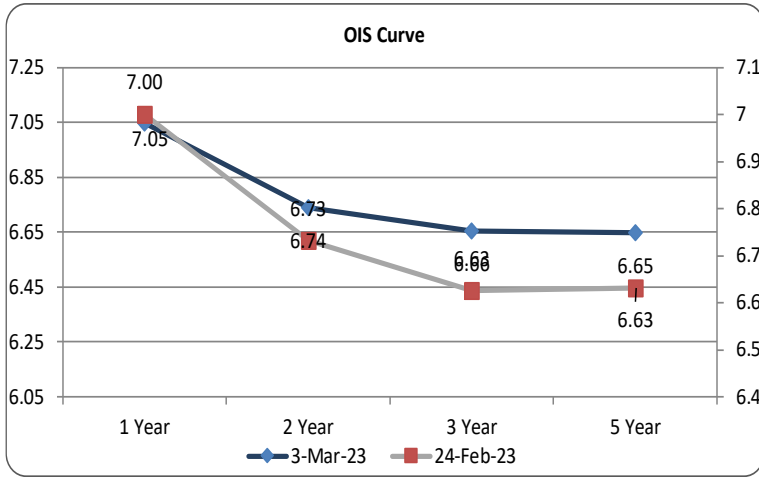
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
3-Mar-23	432	159	272

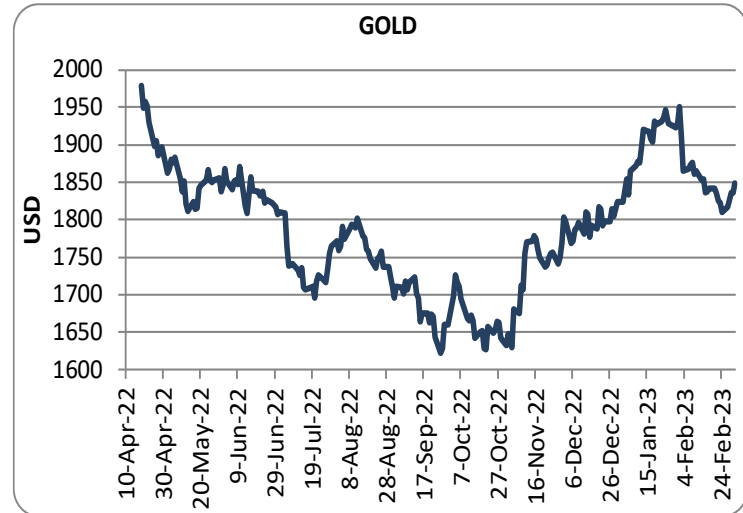
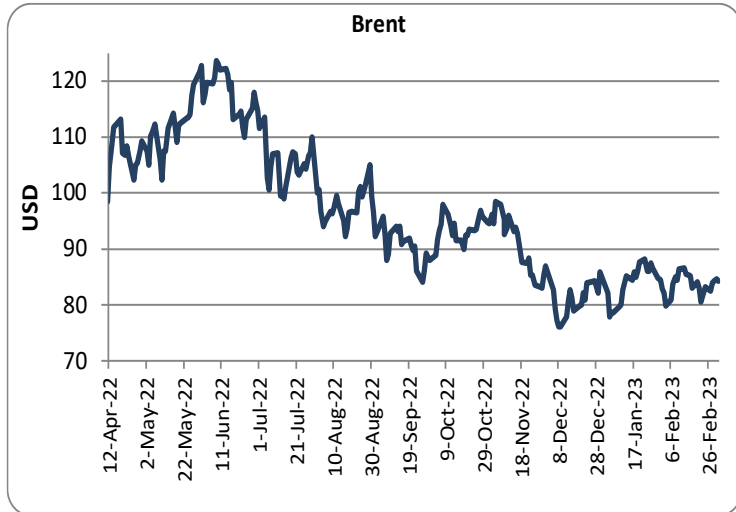
EQUITY		
Gross Purchase	Gross Sales	Net Investment
20564	7823	12741

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
20996	7983	13013

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Feb-23	55.3	55.4
PMI Service	Feb-23	59.4	57.2

Economic Calender	Country	Date	Poll	Prior
Industrial Output	South Korea	02-Mar-23	(8.90)	(7.30)
Unemployment Rate	Euro Zone	02-Mar-23	6.60	6.60
GDP	Brazil	02-Mar-23	2.20	3.60
Unemployment Rate	Japan	03-Mar-23	2.50	2.50
Exports	China	07-Mar-23	-	(9.90)
GDP	South Africa	07-Mar-23	-	4.10
CPI	China	09-Mar-23	-	2.10
Industrial Output	UK	10-Mar-23	-	(4.00)





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

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