



BONDWATCH

Daily

INDIA

August 04, 2023

Indian government bond yields posted a second consecutive weekly rise, with the benchmark yield closing around the crucial 7.20% level, after debt sale added to supply woes.

Elevated U.S. yields and rising fears of an upswing in local retail inflation also dampened sentiment.

The benchmark 7.26% 2033 bond yield ended at 7.1915%, after ending at 7.1981% on Thursday. The yield rose 3 basis points this week, after rising 8 bps last week.

U.S. yields are rising, and there are inflation concerns locally, which has pushed the benchmark bond yield. The RBI policy would provide clear path whether the 10-year bond yield sustains around current levels or rises further.

Worries over a jump in retail inflation in the near term are keeping investors at bay as it could force the Reserve Bank of India to take a hawkish stance at the Aug. 10 policy meeting. India's retail inflation jumped to 4.81% in June, after easing for four months.

Longer-duration U.S. yields hit fresh nine-month highs on Thursday as data showed underlying strength in the economy, which could see rates remaining higher for longer. The benchmark U.S. 10-year yield hit 4.20%, the highest since early November.

The Indian rupee fell to its lowest level in over two months to end at 82.84 to the dollar, and any further fall in the currency in the upcoming week could weaken sentiment.

Repo: The weighted average call rates in the interbank segment increased to 6.36% vs 6.35% as on the previous day while that the TREP segment remained the same at 6.24% vs 6.24% as on the previous day.

Market Observations

G-sec

- G-sec cut off was in line with market expectations.
- Selling was seen in 5 to 7-year illiquid G-sec by foreign bank and MFs @7.20 centric levels.
- Market is continuously testing 7.21 levels but buying is seen at that level in G-sec.

Corporate Bonds

- Major selling was seen in the 2028 segment and some buying was seen in the 2025-26 segment.
- Majority of the market participants were net sellers.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	4-Aug	3-Aug	28-Jul	6-Jul
1 Year	6.920	6.925	6.880	6.840
5 Year	7.172	7.186	7.149	7.116
10 Year	7.195	7.198	7.161	7.146

AAA Bmk	4-Aug	3-Aug	28-Jul	6-Jul
1 Year	0.00	7.35	7.35	7.35
5 Year	0.00	7.61	7.60	7.58
10 Year	0.00	7.55	7.52	7.52

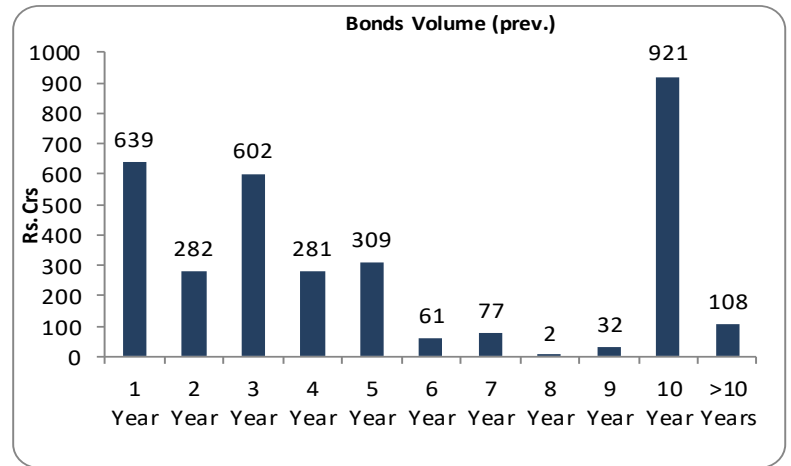
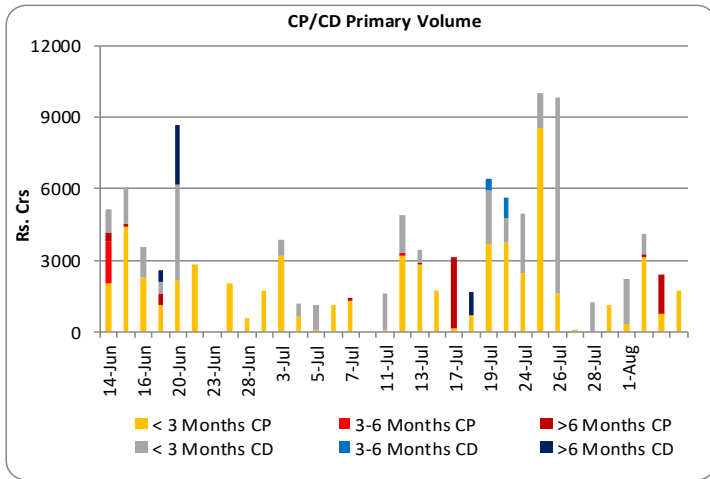
CD	4-Aug	3-Aug	28-Jul	6-Jul
3 Month	6.95	6.95	6.95	6.95
6 Month	7.20	7.20	7.20	7.20
1 Year	7.45	7.45	7.45	7.50

CP	4-Aug	3-Aug	28-Jul	6-Jul
3 Month	7.05	7.05	7.10	7.10
6 Month	7.30	7.30	7.30	7.30
1 Year	7.55	7.55	7.55	7.60

OIS Rate	4-Aug	3-Aug	28-Jul	6-Jul
1 Year	6.89	6.87	6.87	6.78
2 Year	6.64	6.61	6.64	6.51
3 Year	6.60	6.54	6.53	6.42
5 Year	6.55	6.51	6.50	6.38

	4-Aug	3-Aug	28-Jul	6-Jul
Sensex	65,721	65,241	66,160	65,786
Nifty	19,517	19,382	19,646	19,497
USD/INR	82.84	82.72	82.25	82.51
Gold (USD)	1,932	1,934	1,959	1,911
Oil (USD)	85.82	85.14	84.99	76.52

NDF	4-Aug	3-Aug	28-Jul	6-Jul
3 Month	83.08	83.05	82.53	83.02
1 Year	84.08	84.10	83.62	84.05
2 Year	86.29	86.22	85.72	86.03
3 Year	89.03	88.87	88.39	88.68



10 Year Benchmarks	4-Aug	3-Aug	28-Jul	6-Jul
India	7.20	7.19	7.16	7.15
US	4.19	4.19	3.97	4.04
South Korea	3.88	3.83	3.73	3.71
Russia	11.56	11.55	11.46	11.24
Brazil	10.89	10.79	10.92	10.88
Germany	2.61	2.55	2.46	2.63
China	2.68	2.68	2.69	2.69

Top Traded Securities	Volume	4-Aug	3-Aug	28-Jul	6-Jul
5.74 2026	35	7.18	7.16	7.13	7.10
7.38 2027	-	7.20	7.19	7.15	7.12
7.10 2029	-	7.20	7.20	7.17	7.15
6.54 2032	125	7.23	7.23	7.20	7.19
7.26 2032	#VALUE!	7.23	7.23	7.19	7.18
7.54 2036	-	7.29	7.29	7.25	7.27

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	3082	2594	487

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	3594	3518	76

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	6676	6112	563

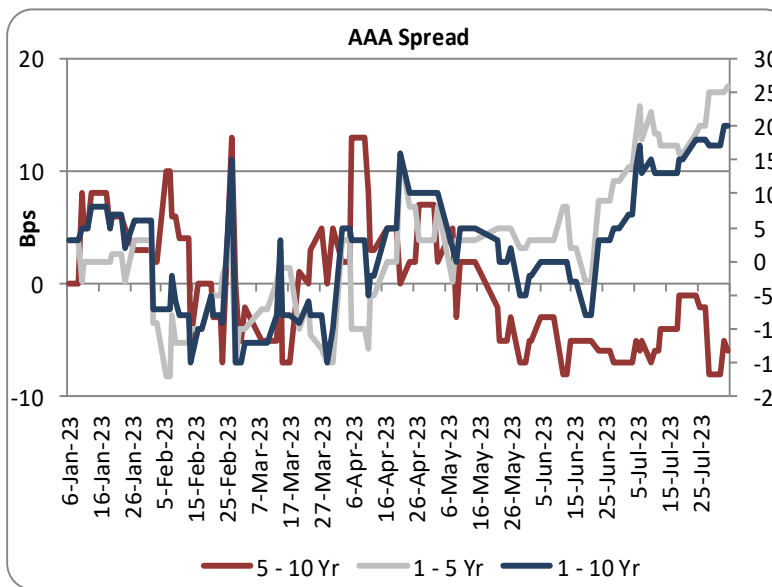
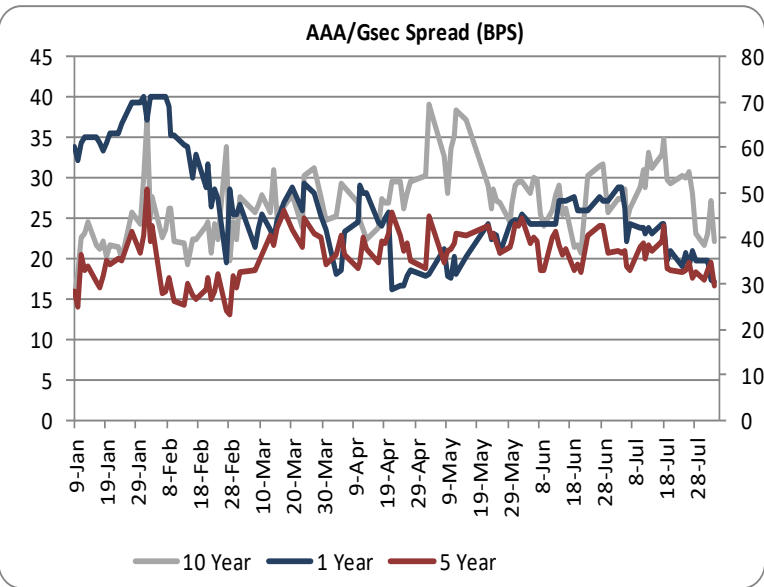
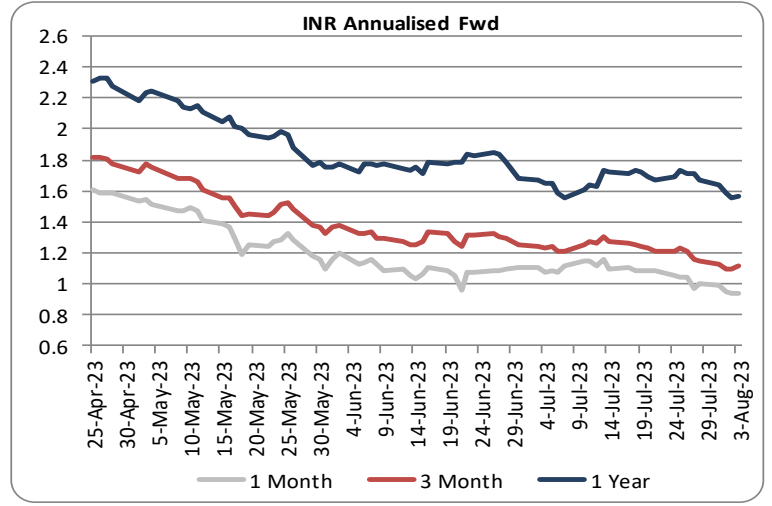
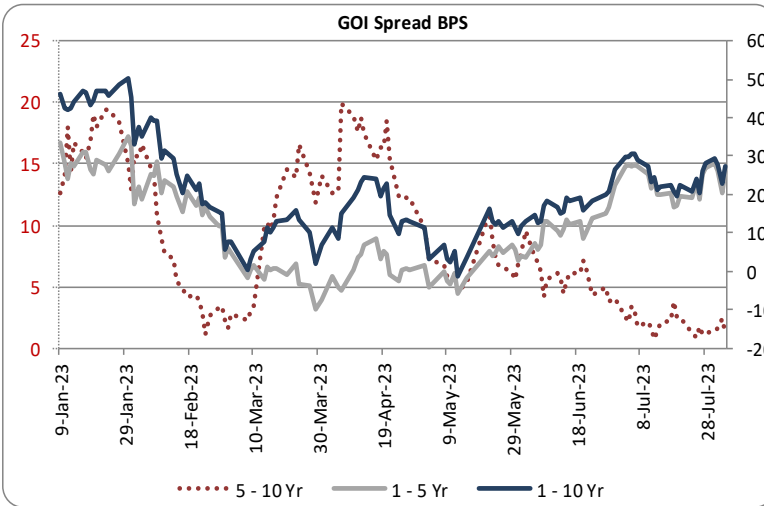
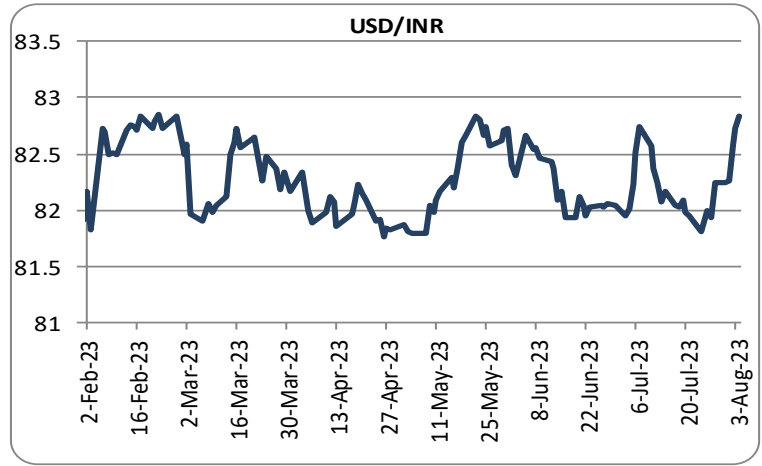
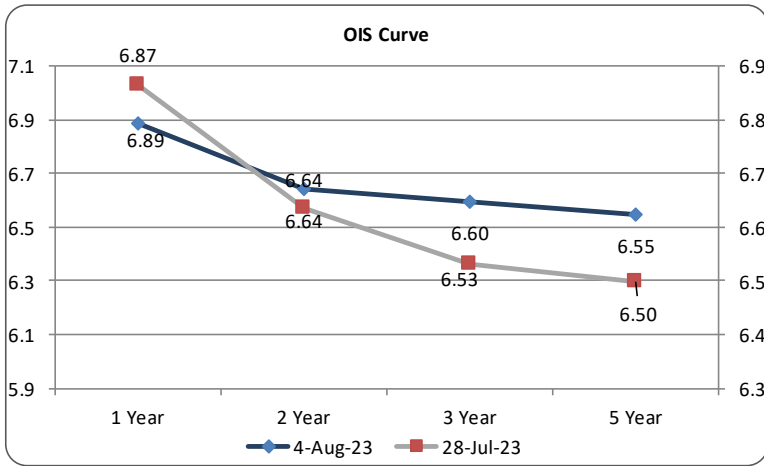
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
4-Aug-23	617	783	-166

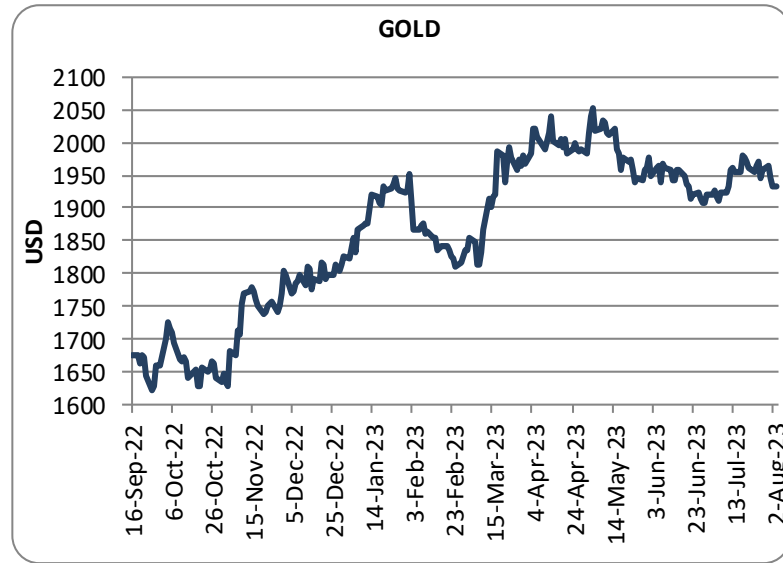
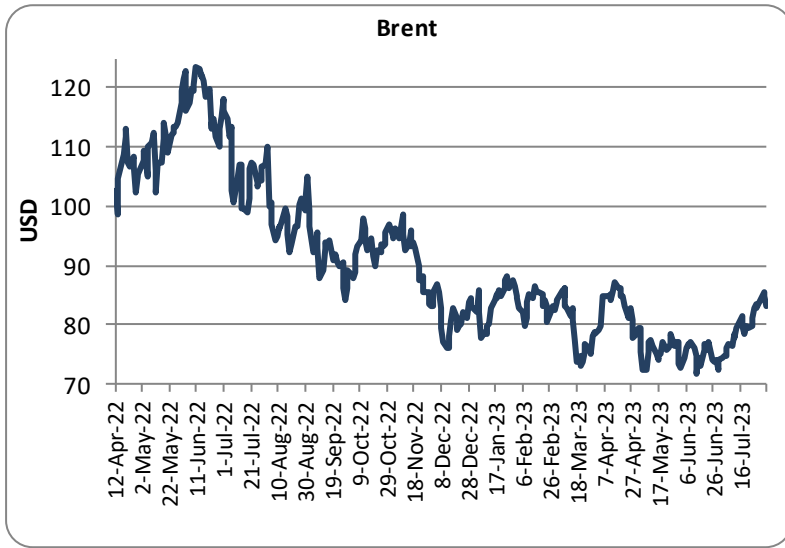
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
4-Aug-23	11525	11308	217

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
4-Aug-23	12141	12091	51

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Japan	1-Aug-23	2.5	2.6
Unemployment Rate	Euro Zone	01-Aug-23	6.50	6.50
CPI	Switzerland	03-Aug-23	1.60	1.70
BOE Bank Rate	UK	03-Aug-23	5.25	5.00
Unemployment Rate	USA	04-Aug-23	3.60	3.60
GDP	Indonesia	08-Aug-23	-	5.03
Exports	China	08-Aug-23	-	(12.40)
Imports	China	08-Aug-23	-	(6.80)





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

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