



# BONDWATCH

INDIA

Daily

July 04, 2023

Indian government bond yields ended largely unchanged on Tuesday as traders waited for fresh triggers after a results of a state debt auction turned out largely in line with expectations.

The benchmark 7.26% 2033 bond yield ended at 7.1188% on Tuesday after closing at 7.1192% in the first session of the quarter. The benchmark yield rose by 13 basis points (bps) in June.

Nine states raised 162 billion rupees through sale of debt earlier in the day, with the cut-off yields meeting market estimates.

Market participants expect Indian bond yields to continue to rise from June amid a strong line-up of debt supply and as chances of a rate cut before the first half of next year look unlikely.

Meanwhile, U.S. yields were higher on Monday after economic data showed the manufacturing sector continues to slump. The 10-year U.S. yield was at 3.8580%, while 2-year yield was at 4.9400%.

Going ahead, yield spreads between the government bonds and state debt are set to widen, with investors seeking a premium on state bonds following a massive borrowing plan for this quarter.

The Indian rupee weakened 0.07% versus the U.S. dollar, and quoted at 82.02 per dollar, underperforming Asian peers, weighed down by dollar demand from importers.

Repo: The weighted average call rates in the interbank segment decreased at 6.38% vs 5.39% as on the previous day while that the TREP segment increased to 6.30% vs 6.27% as on the previous day.

## Market Observations

### G-sec

- SDL cut off was in line with market expectation apart from 16-year AP paper.
- Demand was seen in 10-year SDL by nationalized bank and pension fund @7.43 levels.
- 3-month and 5-month t-bill were seen in demand by Mutual funds @6.68 and 6.60 levels respectively.
- Selling was seen in 7 to 10-year illiquid G-sec by banks and PDs

### Corporate Bonds

- Mutual funds were doing active in the 2025-2026 segment.
- Insurance companies and pension funds were buying in the longer-end segment.

### CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	4-Jul	3-Jul	28-Jun	5-Jun
1 Year	6.820	6.820	6.850	6.850
5 Year	7.096	7.094	7.019	6.921
10 Year	7.118	7.119	7.058	6.996

AAA Bmk	4-Jul	3-Jul	28-Jun	5-Jun
1 Year	7.45	7.45	7.45	7.40
5 Year	7.59	7.59	7.57	7.43
10 Year	7.52	7.52	7.50	7.40

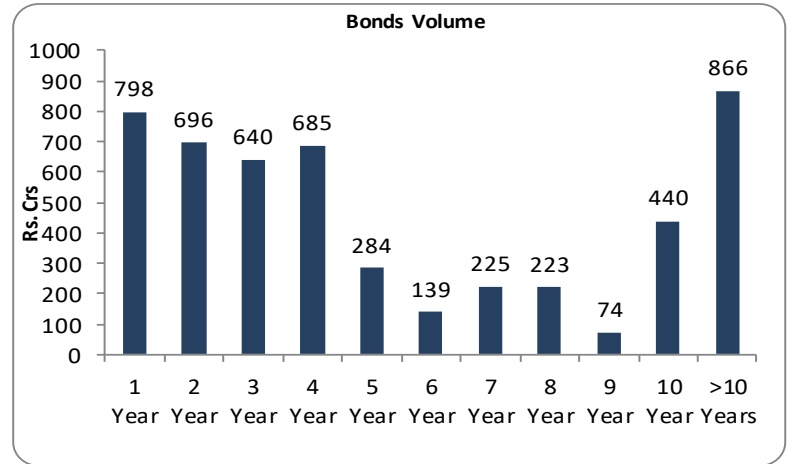
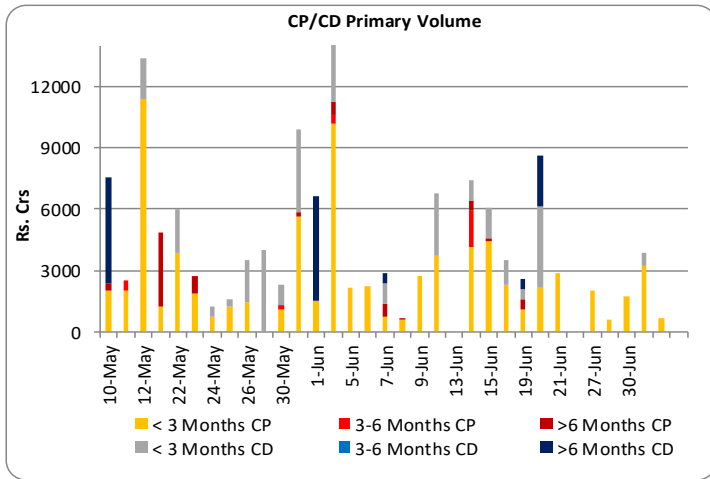
CD	4-Jul	3-Jul	28-Jun	5-Jun
3 Month	6.95	6.95	6.95	6.85
6 Month	7.20	7.20	7.20	7.15
1 Year	7.55	7.55	7.45	7.40

CP	4-Jul	3-Jul	28-Jun	5-Jun
3 Month	7.10	7.10	7.10	6.95
6 Month	7.30	7.30	7.30	7.25
1 Year	7.65	7.65	7.55	7.50

OIS Rate	4-Jul	3-Jul	28-Jun	5-Jun
1 Year	6.74	6.75	6.69	6.59
2 Year	6.47	6.46	6.38	6.25
3 Year	6.39	6.38	6.28	6.13
5 Year	6.33	6.33	6.22	6.06

	4-Jul	3-Jul	28-Jun	5-Jun
Sensex	65,479	65,205	63,915	62,787
Nifty	19,389	19,323	18,972	18,594
USD/INR	82.02	81.96	82.06	82.67
Gold (USD)	1,929	1,921	1,907	1,962
Oil (USD)	75.68	74.65	74.03	76.71

NDF	4-Jul	3-Jul	28-Jun	5-Jun
3 Month	82.26	82.22	82.26	82.80
1 Year	83.34	83.28	83.40	83.95
2 Year	85.27	85.24	85.46	86.10
3 Year	88.26	87.89	88.11	88.80



10 Year Benchmarks	4-Jul	3-Jul	28-Jun	5-Jun
India	7.12	7.12	7.06	7.00
US	3.86	3.86	3.71	3.69
South Korea	3.62	3.62	3.61	3.56
Russia	11.19	11.17	11.09	10.81
Brazil	10.67	10.59	10.88	11.22
Germany	2.48	2.43	2.31	2.37
China	2.71	2.69	2.70	2.72

Top Traded Securities	Volume	4-Jul	3-Jul	28-Jun	5-Jun
5.74 2026	65	7.08	7.08	7.00	6.90
7.38 2027	-	7.10	7.09	7.02	6.92
7.10 2029	-	7.12	7.12	7.06	6.97
6.54 2032	-	7.16	7.17	7.10	7.04
7.26 2032	#VALUE!	7.16	7.16	7.10	7.04
7.54 2036	-	7.25	7.24	7.18	7.11

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
3-Jul-23	3873	3224	649

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
3-Jul-23	7371	2698	4673

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
3-Jul-23	11244	5922	5322

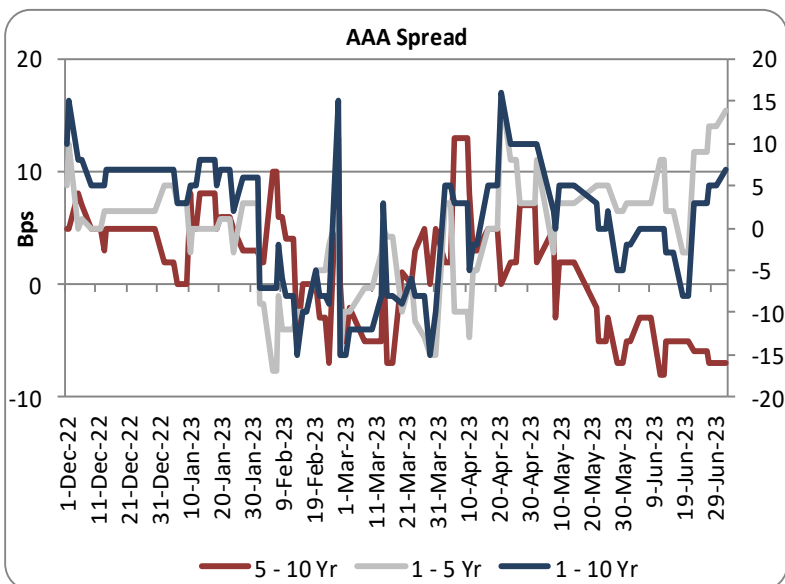
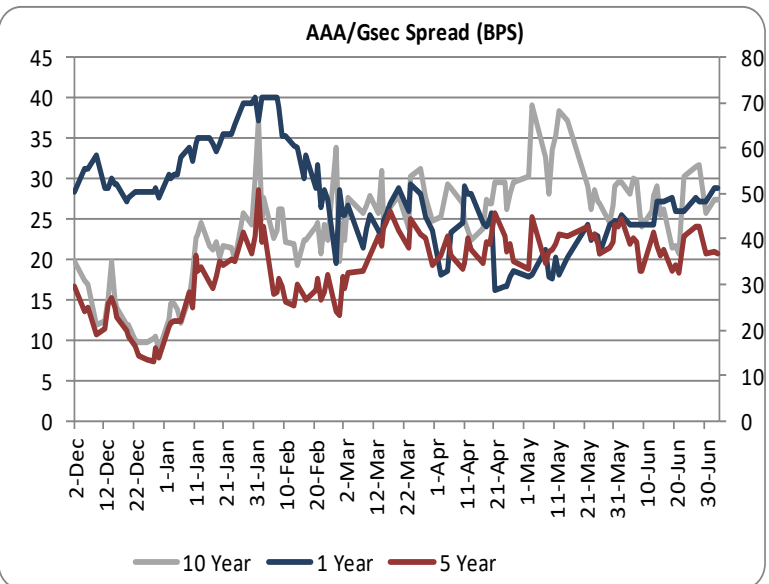
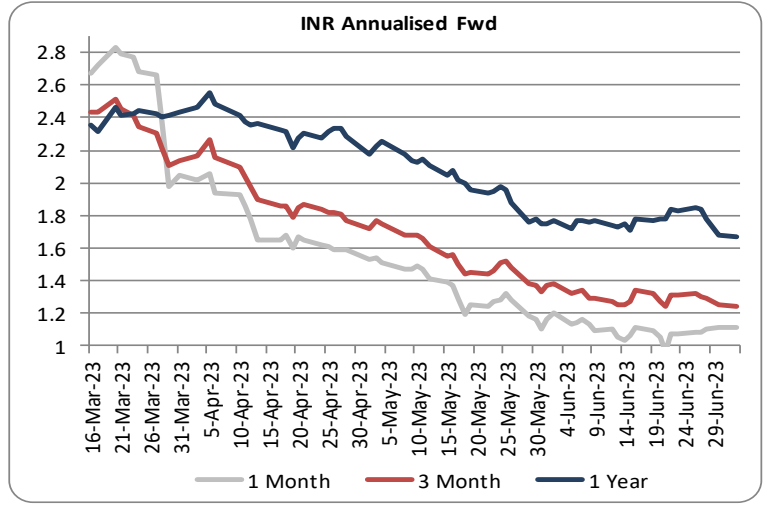
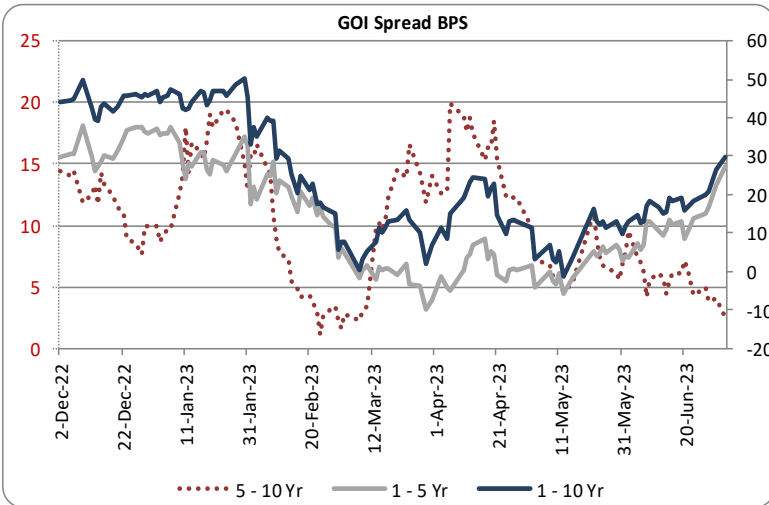
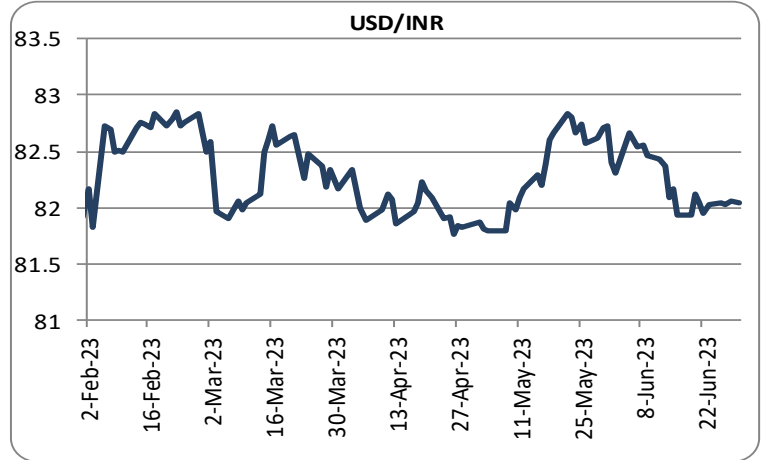
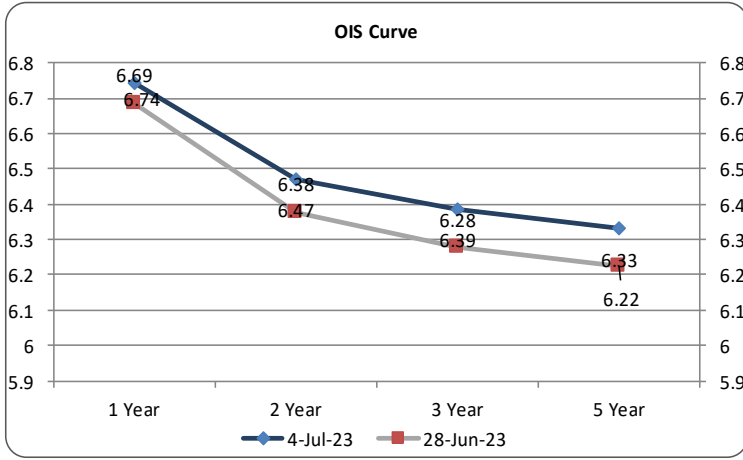
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
4-Jul-23	254	694	-441

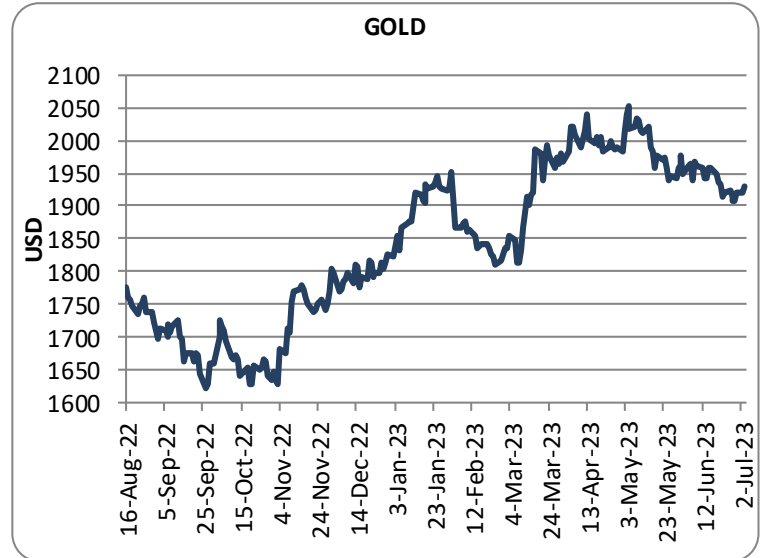
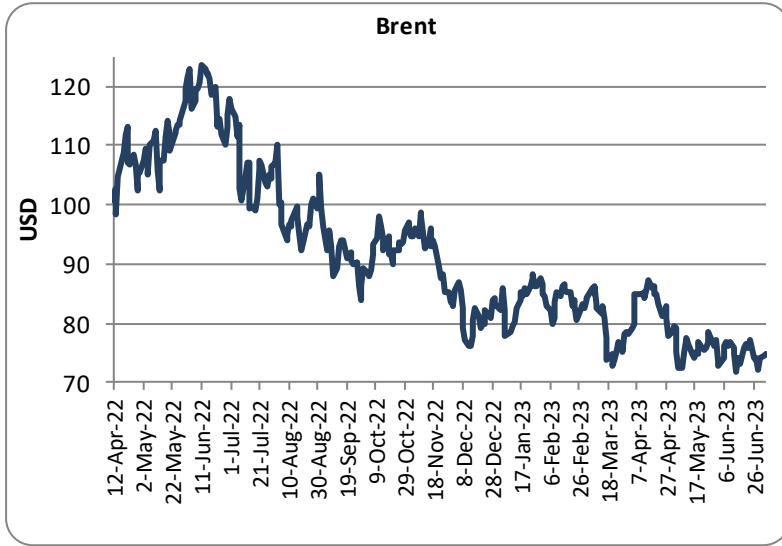
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
4-Jul-23	8130	5674	2456

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
4-Jul-23	8384	6368	2016

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 (%)	May-23	-3.5	-0.9
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
Retail Sales	Euro Zone	6-Jul-23	-2.7	-2.6
Industrial Production	Germany	07-Jul-23	-	1.75
CPI	China	10-Jul-23	-	0.20
CPI	Germany	11-Jul-23	-	6.40
CPI	USA	12-Jul-23	-	5.30
Industrial Output	UK	13-Jul-23	-	(1.90)
GDP Estimate	UK	13-Jul-23	-	0.50
Industrial Production	Euro Zone	13-Jul-23	-	0.20





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

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