



BONDWATCH

Daily

September 04, 2023

INDIA

Indian government bond yields started the week higher, with the benchmark bond yield logging its biggest rise in nearly three weeks, tracking U.S. peers.

The benchmark 7.26% 2033 bond yield ended at 7.2054% on Monday after ending the previous session at 7.1671%. The yield notched its biggest single session rise since Aug. 17.

U.S. yields rose on Friday after the August non-farm payrolls report showed that the world's largest economy added more jobs than expected, but the unemployment rate rose with a slight decline in wage inflation.

The unemployment rate increased to 3.8%, up from 3.5% in July, but below the Federal Reserve's latest median estimate of 4.1% by the fourth quarter of this year.

Meanwhile, the Reserve Bank of India's decision on maintaining the incremental cash reserve ratio would be the next major trigger for local bond yields. Banks have been maintaining additional reserves on rising deposits since Aug. 12, and the RBI is set to review this decision by Friday.

Traders will also remain focused on the August retail inflation print that will be published next week. India's retail inflation spiked to a 15-month high of 7.44% in July from 4.87% in June, and market participants anticipate another elevated reading.

Meanwhile, the benchmark Brent crude contract was trading near its highest level in six months, hovering around the critical \$90 per barrel mark.

The Indian rupee weakened 0.04% versus the U.S. dollar, and quoted at 82.7475 per dollar even as its Asian peers weakened after the 10-year U.S. treasury yield rose and the dollar showed resilience.

Repo: The weighted average call rates in the interbank segment increased to 6.44% vs 6.00% as on the previous day while that the TREP segment increased to 6.31% vs 6.22% as on the previous day.

Market Observations

G-sec

- Higher demand seen in upto 3-month maturity bills.
- Foreign banks and insurance companies seen doing switches in longer maturity G-sec

Corporate Bonds

- Pension funds and insurance companies were active in the longer segment.

CP/CD

- Demand was seen in the 1-month segment.

GOI Yield	4-Sep	1-Sep	28-Aug	4-Aug
1 Year	7.000	6.950	7.010	6.920
5 Year	7.184	7.162	7.180	7.172
10 Year	7.205	7.167	7.180	7.195

AAA Bmk	4-Sep	1-Sep	28-Aug	4-Aug
1 Year	7.45	7.45	7.45	7.40
5 Year	7.64	7.64	7.65	7.60
10 Year	7.62	7.62	7.63	7.55

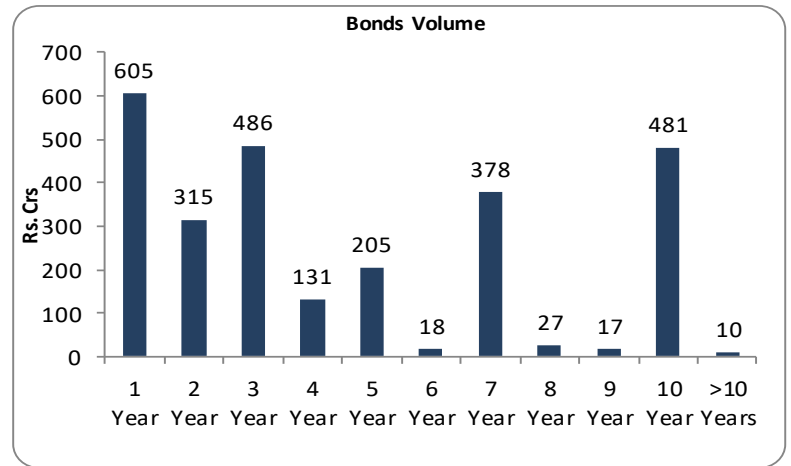
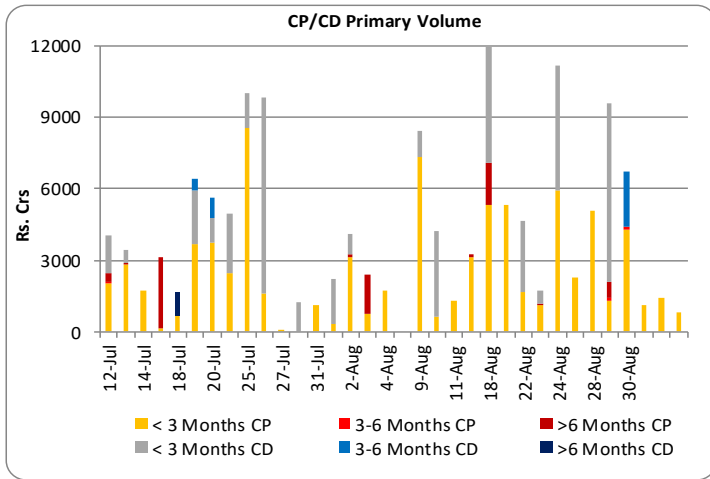
CD	4-Sep	1-Sep	28-Aug	4-Aug
3 Month	7.02	7.02	7.05	6.95
6 Month	7.20	7.20	7.25	7.20
1 Year	7.50	7.50	7.50	7.45

CP	4-Sep	1-Sep	28-Aug	4-Aug
3 Month	7.12	7.12	7.10	7.05
6 Month	7.35	7.35	7.35	7.30
1 Year	7.60	7.60	7.60	7.55

OIS Rate	4-Sep	1-Sep	28-Aug	4-Aug
1 Year	7.00	6.97	6.99	6.89
2 Year	6.73	6.67	6.69	6.64
3 Year	6.66	6.62	6.64	6.60
5 Year	6.63	6.57	6.59	6.55

	4-Sep	1-Sep	28-Aug	4-Aug
Sensex	65,628	65,387	64,997	65,721
Nifty	19,529	19,435	19,306	19,517
USD/INR	82.75	82.72	82.63	82.84
Gold (USD)	1,940	1,939	1,920	1,942
Oil (USD)	88.57	88.55	84.42	86.24

NDF	4-Sep	1-Sep	28-Aug	4-Aug
3 Month	83.00	83.01	82.98	82.92
1 Year	84.11	84.09	84.10	83.94
2 Year	86.19	86.29	86.10	86.06
3 Year	89.02	88.99	88.75	88.71



10 Year Benchmarks	4-Sep	1-Sep	28-Aug	4-Aug
India	7.21	7.18	7.18	7.19
US	4.17	4.17	4.21	4.06
South Korea	3.86	3.78	3.87	3.88
Russia	12.10	12.08	11.99	11.58
Brazil	11.16	11.16	11.10	10.82
Germany	2.57	2.55	2.57	2.54
China	2.65	2.61	2.60	2.68

Top Traded Securities	Volume	29-Aug	28-Aug	22-Aug	31-Jul
7.26 2033	13,795	7.18	7.18	7.22	7.17
7.06 2028	845	7.28	7.29	7.33	7.31
7.62 2039	-	7.20	7.19	7.23	7.21
7.30 2053	455	#N/A	7.22	7.28	7.33
6.64 2035	255	7.22	7.26	7.28	7.30
7.40 2035	15	7.25	7.24	7.28	7.33

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
23-Aug-23	5219	4778	441

EQUITY	Gross Purchase	Gross Sales	Net Investment
	8538	8569	-31

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
13757	13346	410

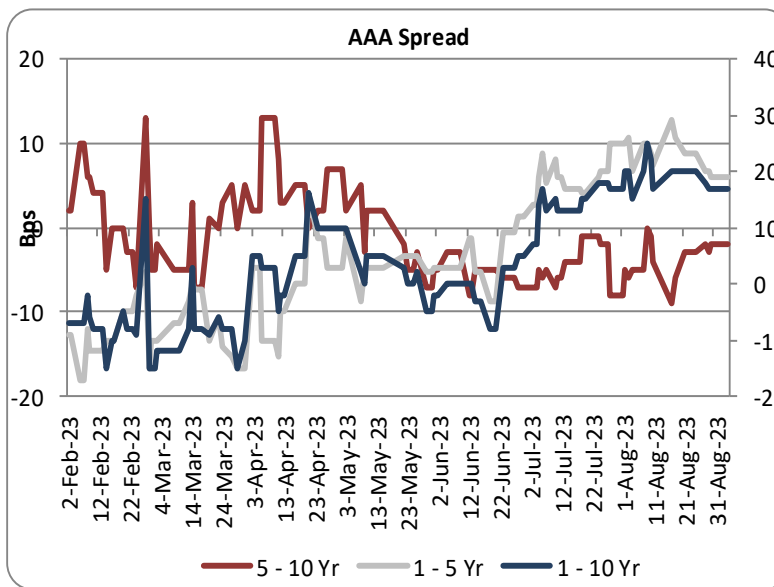
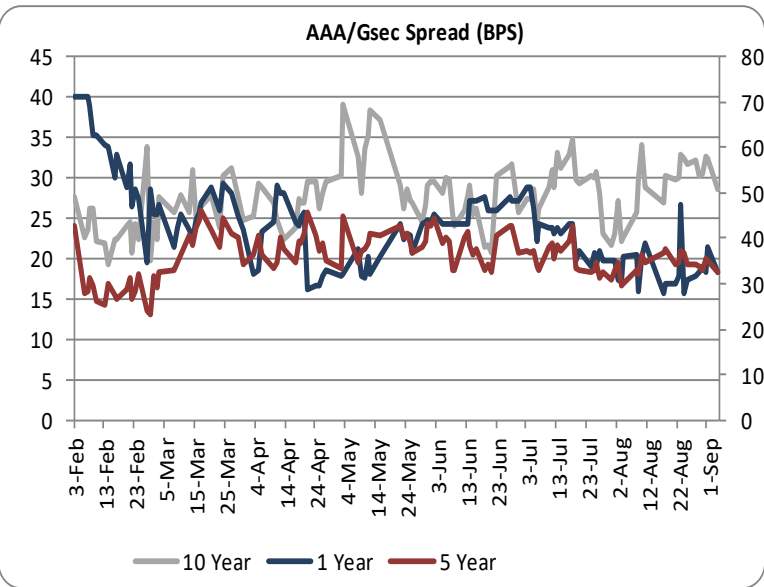
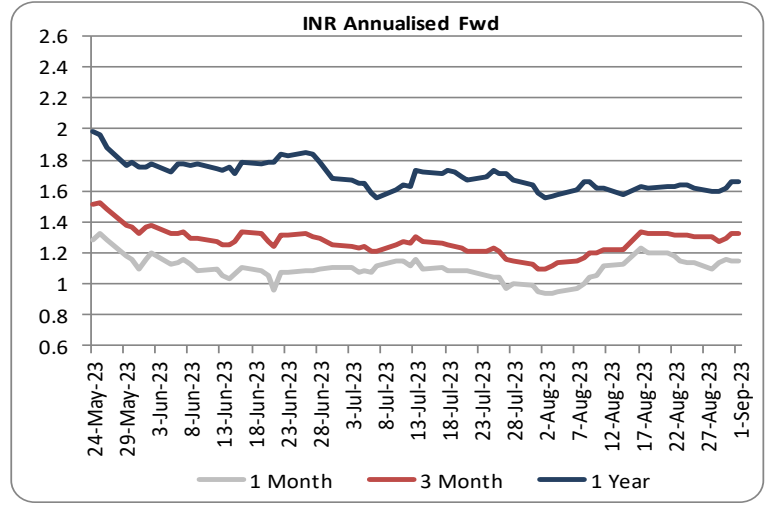
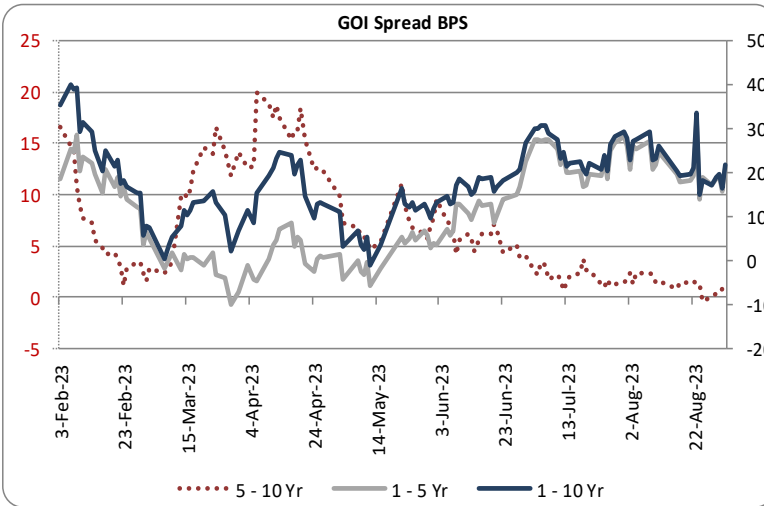
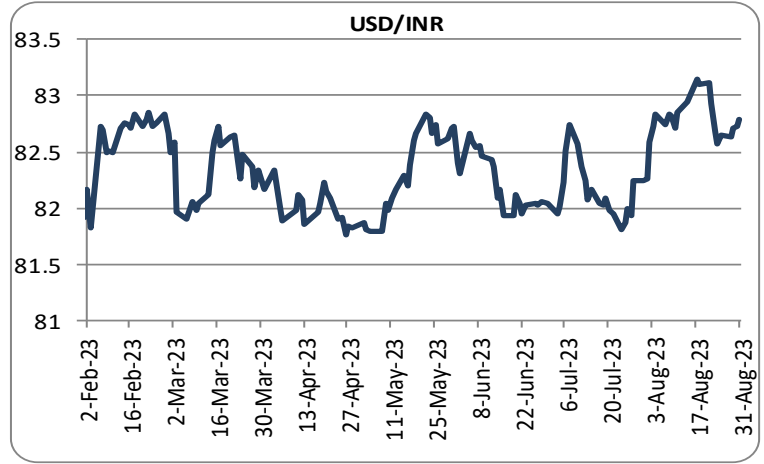
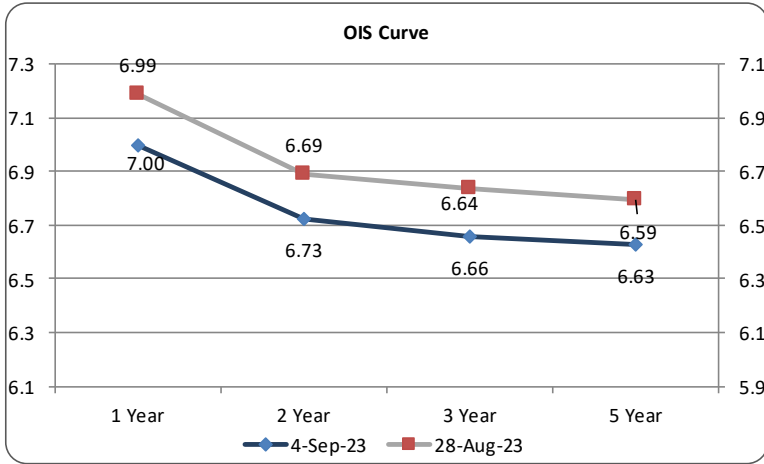
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
4-Sep-23	904	188	716

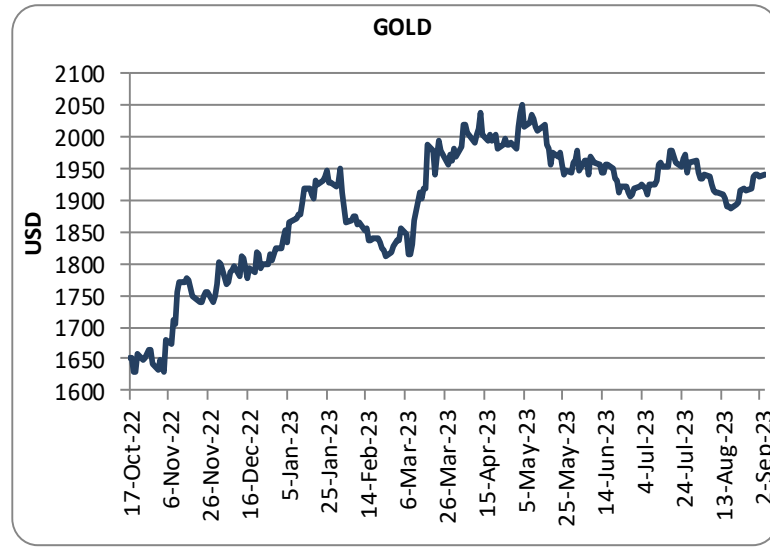
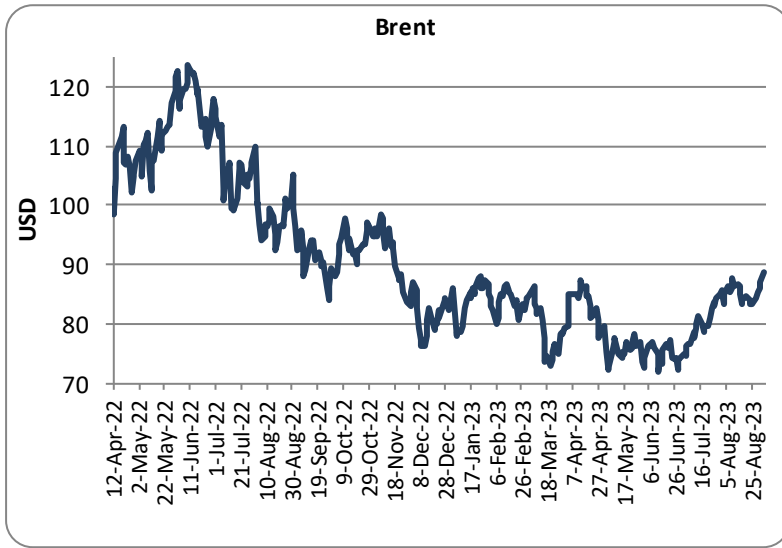
EQUITY	Gross Purchase	Gross Sales	Net Investment
	16779	15001	1778

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
17682	15188	2494

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jul-23	-1.4	-4.1
CPI (%)	Jul-23	7.4	4.9
IIP (%)	Jun-23	3.7	5.2
PMI Manufacturing	Aug-23	58.6	57.7
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
GDP	Brazil	1-Sep-23	2.7	4
Industrial Output	Brazil	05-Sep-23	-	0.30
Real GDP	Australia	06-Sep-23	-	2.30
Retail Sales	Euro Zone	06-Sep-23	-	(1.40)
Industrial Production	Germany	07-Sep-23	-	(1.83)
CPI	Germany	08-Sep-23	-	6.10
CPI	China	09-Sep-23	-	(0.30)
CPI	India	12-Sep-23	-	7.44





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

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