



BONDWATCH

Daily

July 05, 2023

INDIA

Indian government bond yields ended largely unchanged for a third consecutive trading session on Wednesday as a lack of triggers continued to keep traders on the sidelines.

The benchmark 7.26% 2033 bond yield ended at 7.1072%, after closing at 7.1188% on Tuesday.

Yields will move upwards considering the supply of debt securities in the second quarter and rate cuts from the Reserve Bank of India not in sight. Yields will move upwards and the benchmark will find support at 7.20 levels.

State-run banks are likely to turn more cautious in their government bond purchases amid rising yields, but will continue to increase their exposure at a more gradual pace.

Market participants also await local retail inflation data, due next week, which could provide more clarity on the central bank's rate action trajectory. Headline retail inflation in June to remain closer to May's reading of 4.25%, and at 4.26% on-year.

The central bank kept its repo rate unchanged in the second consecutive policy meeting in June but said it wants to achieve 4% inflation target.

Oil benchmark Brent edged lower on Wednesday as concern over a global economic slowdown overshadowed supply cuts announced this week by top crude exporters Saudi Arabia and Russia.

The Indian rupee weakened 0.25% versus the U.S. dollar, and quoted at 82.2250 per dollar on persistent dollar demand from importers, while traders awaited minutes from the U.S. Federal Reserve's June policy meeting.

Repo: The weighted average call rates in the interbank segment increased at 6.41% vs 5.38% as on the previous day while that the TREP segment increased to 6.35% vs 6.30% as on the previous day.

Market Observations

G-sec

- Insurance companies seen churning portfolio in longer end G-sec.
- Cut off on Treasury bills came in line with market expectations.

Corporate Bonds

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

CP/CD

- Mutual funds were buying in the 1-year segment.

GOI Yield	5-Jul	4-Jul	30-Jun	6-Jun
1 Year	6.800	6.820	6.850	6.850
5 Year	7.073	7.096	7.076	6.908
10 Year	7.107	7.118	7.117	6.978

AAA Bmk	5-Jul	4-Jul	30-Jun	6-Jun
1 Year	7.38	7.45	7.45	7.40
5 Year	7.57	7.59	7.57	7.43
10 Year	7.52	7.52	7.50	7.40

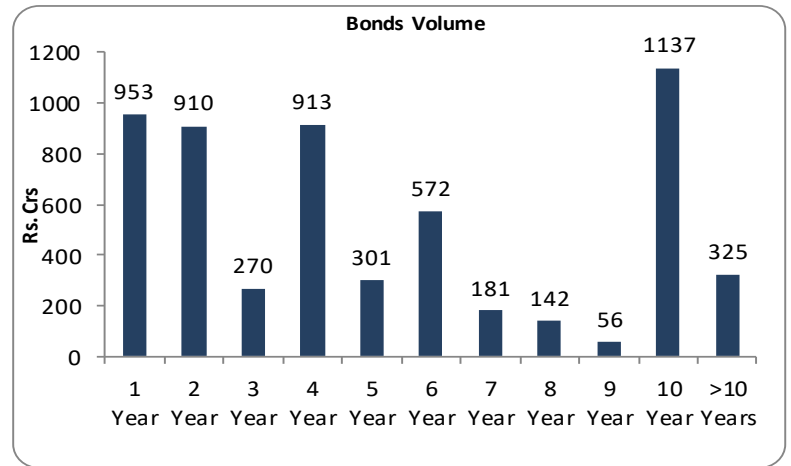
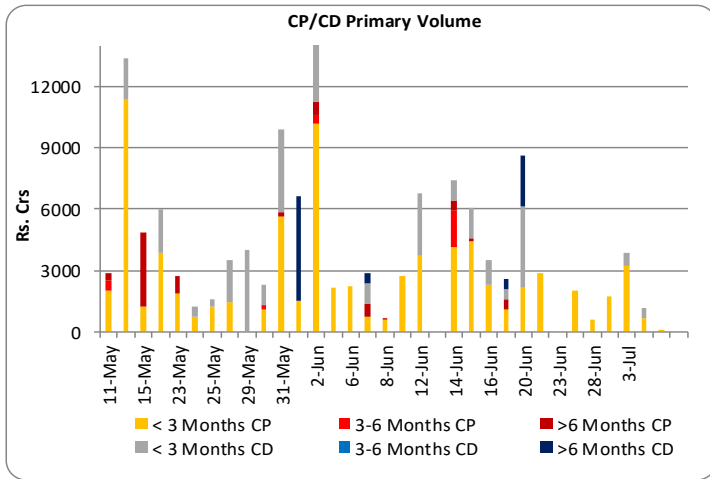
CD	5-Jul	4-Jul	30-Jun	6-Jun
3 Month	6.95	6.95	6.95	6.85
6 Month	7.20	7.20	7.20	7.15
1 Year	7.55	7.55	7.45	7.40

CP	5-Jul	4-Jul	30-Jun	6-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	5-Jul	4-Jul	30-Jun	6-Jun
1 Year	6.75	6.74	6.74	6.58
2 Year	6.47	6.47	6.45	6.23
3 Year	6.39	6.39	6.36	6.11
5 Year	6.33	6.33	6.30	6.04

	5-Jul	4-Jul	30-Jun	6-Jun
Sensex	65,446	65,479	64,719	62,793
Nifty	19,399	19,389	19,189	18,599
USD/INR	82.23	82.02	82.04	82.61
Gold (USD)	1,927	1,925	1,920	1,963
Oil (USD)	76.04	76.25	74.90	76.29

NDF	5-Jul	4-Jul	30-Jun	6-Jun
3 Month	82.53	82.25	82.29	82.79
1 Year	83.52	83.23	83.40	83.94
2 Year	85.70	85.29	85.38	86.15
3 Year	88.60	87.94	88.03	88.90



10 Year Benchmarks	5-Jul	4-Jul	30-Jun	6-Jun
India	7.11	7.12	7.11	6.98
US	3.86	3.86	3.82	3.70
South Korea	3.65	3.62	3.70	3.56
Russia	11.19	11.19	11.19	10.82
Brazil	10.75	10.69	10.67	11.17
Germany	2.43	2.46	2.39	2.37
China	2.69	2.71	2.68	2.71

Top Traded Securities	Volume	5-Jul	4-Jul	30-Jun	6-Jun
5.74 2026	65	7.07	7.08	7.07	6.89
7.38 2027	-	7.07	7.10	7.08	6.91
7.10 2029	-	7.10	7.12	7.12	6.95
6.54 2032	-	7.15	7.16	7.15	7.03
7.26 2032	#VALUE!	7.14	7.16	7.15	7.02
7.54 2036	-	7.23	7.25	7.24	7.09

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

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	7371	2698	4673

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	11244	5922	5322

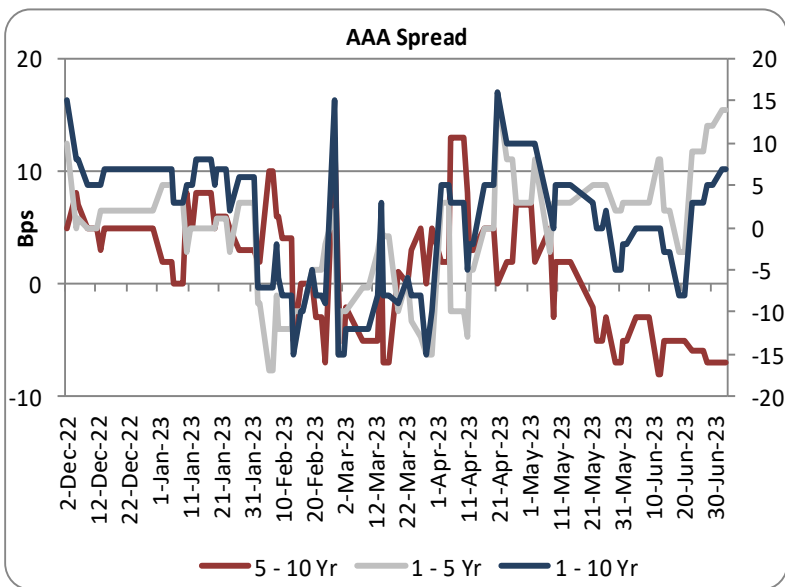
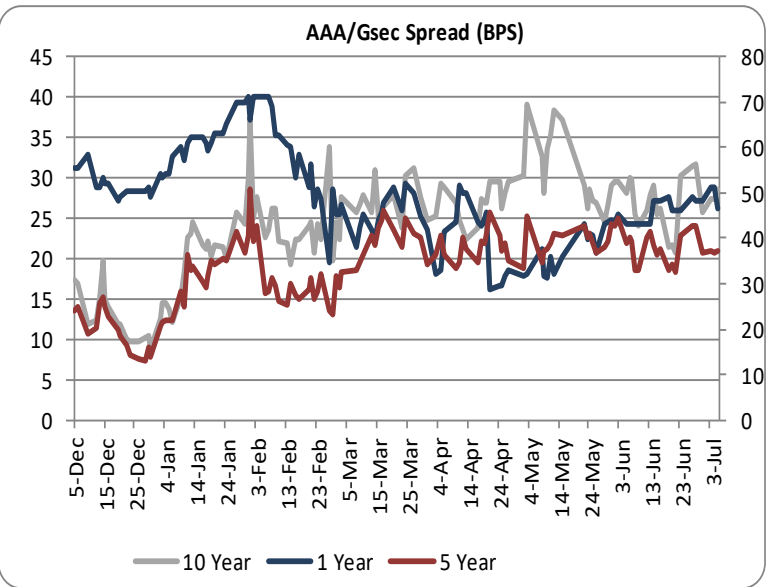
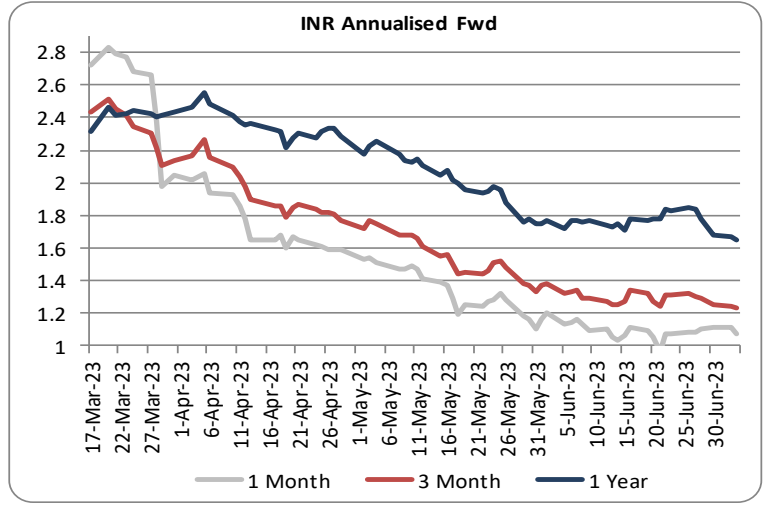
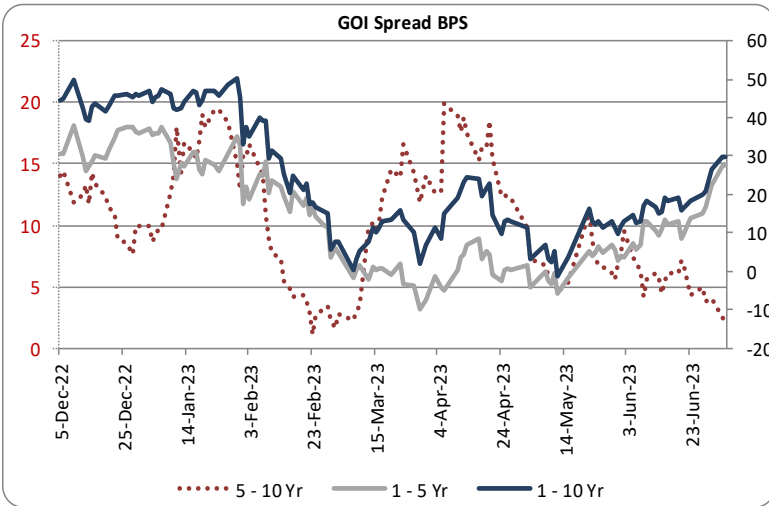
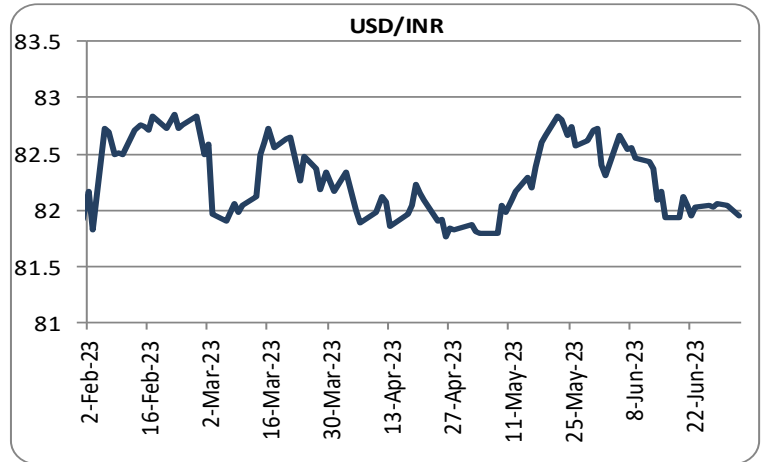
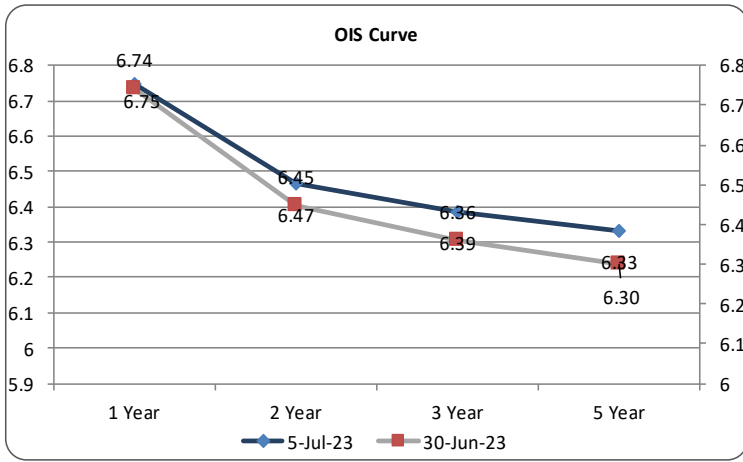
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
5-Jul-23	578	524	54

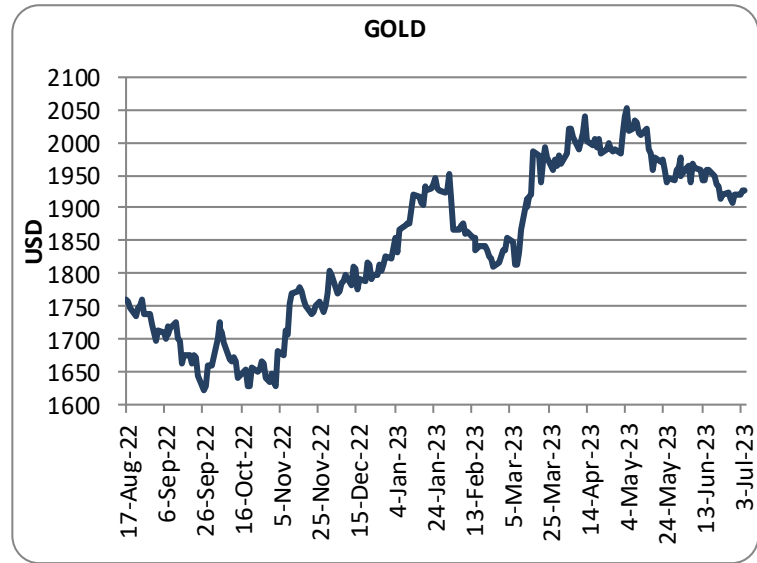
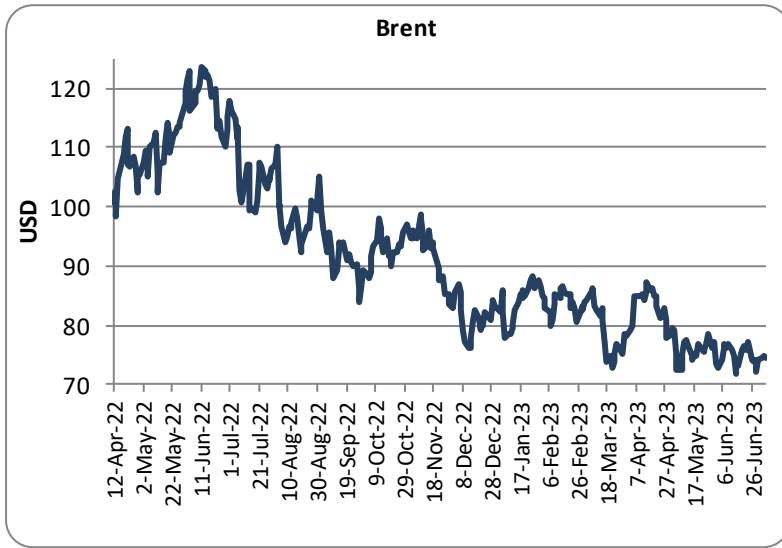
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	9336	6820	2515

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9914	7345	2570

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	Jun-23	58.5	61.2

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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