



INDIA

Indian government bond yields ended marginally lower on Friday tracking U.S. peers, while traders awaited key U.S. nonfarm payrolls data for further cues.

The benchmark 10-year yield ended at 6.9926%, following its previous close at 6.9994%. The yield ended 2 basis points (bps) lower this week after rising nearly 4 bps last week.

Foreign inflows have been tepid following the inclusion of Indian debt in JPMorgan's emerging market debt index last week. Foreign investors have net bought less than ₹50 billion of debt in a week from the inclusion date, compared to earlier estimates of over ₹150 billion.

Meanwhile, the 10-year U.S. yield was at around 4.33% during Asian hours, while U.S. markets were shut on Thursday. U.S. yields eased on Wednesday amid growing signs of weakness in the manufacturing sector and the jobs market.

Even though the Federal Reserve has lowered its forecast of rate cuts to 25 bps in 2024, investors continue to expect 50 bps of cuts after recent soft U.S. economic data.

Earlier in the day, Government of India raised 280 billion rupees (\$3.35 billion) by selling bonds through the weekly auction, including the liquid 15-year paper.

Inflation prints are due for India and US next week which will provide further directional cues.

The Indian rupee was flat versus the U.S. dollar and quoted at 83.4850 per dollar amid importer dollar demand.

Repo: The weighted average call rates in the interbank segment increased to 6.55% vs 6.50% as on the previous day while that the TREP segment increased to 6.42% vs 6.35% as on the previous day.

| GOI Yield | 5-Jul | 4-Jul | 28-Jun | 5-Jun |
|-----------|-------|-------|--------|-------|
| 1 Year    | 6.920 | 6.935 | 6.940  | 7.010 |
| 5 Year    | 6.983 | 6.985 | 7.001  | 7.073 |
| 10 Year   | 6.993 | 6.999 | 7.010  | 7.027 |

| AAA Bmk | 5-Jul | 4-Jul | 28-Jun | 5-Jun |
|---------|-------|-------|--------|-------|
| 1 Year  | 7.72  | 7.72  | 7.72   | 7.75  |
| 5 Year  | 7.64  | 7.64  | 7.65   | 7.70  |
| 10 Year | 7.52  | 7.52  | 7.53   | 7.55  |

| CD      | 5-Jul | 4-Jul | 28-Jun | 5-Jun |
|---------|-------|-------|--------|-------|
| 3 Month | 7.15  | 7.15  | 7.20   | 7.15  |
| 6 Month | 7.35  | 7.35  | 7.52   | 7.45  |
| 1 Year  | 7.60  | 7.60  | 7.70   | 7.70  |

| CP      | 5-Jul | 4-Jul | 28-Jun | 5-Jun |
|---------|-------|-------|--------|-------|
| 3 Month | 7.25  | 7.25  | 7.30   | 7.20  |
| 6 Month | 7.45  | 7.45  | 7.60   | 7.55  |
| 1 Year  | 7.70  | 7.70  | 7.80   | 7.80  |

| OIS Rate | 5-Jul | 4-Jul | 28-Jun | 5-Jun |
|----------|-------|-------|--------|-------|
| 1 Year   | 6.78  | 6.78  | 6.81   | 6.83  |
| 2 Year   | 6.52  | 6.53  | 6.55   | 6.55  |
| 3 Year   | 6.46  | 6.47  | 6.47   | 6.48  |
| 5 Year   | 6.41  | 6.43  | 6.42   | 6.43  |

|            | 5-Jul  | 4-Jul  | 28-Jun | 5-Jun  |
|------------|--------|--------|--------|--------|
| Sensex     | 79,997 | 80,050 | 79,033 | 74,382 |
| Nifty      | 24,324 | 24,302 | 24,011 | 22,620 |
| USD/INR    | 83.49  | 83.49  | 83.38  | 83.37  |
| Gold (USD) | 2,364  | 2,356  | 2,326  | 2,355  |
| Oil (USD)  | 87.26  | 87.43  | 86.41  | 78.41  |

| NDF     | 5-Jul | 4-Jul | 28-Jun | 5-Jun |
|---------|-------|-------|--------|-------|
| 3 Month | 83.72 | 83.73 | 83.58  | 83.61 |
| 1 Year  | 84.82 | 84.81 | 84.68  | 84.71 |
| 2 Year  | 87.02 | 86.93 | 86.79  | 86.82 |
| 3 Year  | 89.72 | 89.53 | 89.39  | 89.26 |

**Market Observations**

**G-sec**

- Selling was seen in 2034 illiquid G-sec @7.0550 centric levels. Major sellers were foreign banks.
- Selling was seen in 11 to 20-year SDLs @7.35 centric levels. Major sellers were life insurance companies.

**Corporate Bonds**

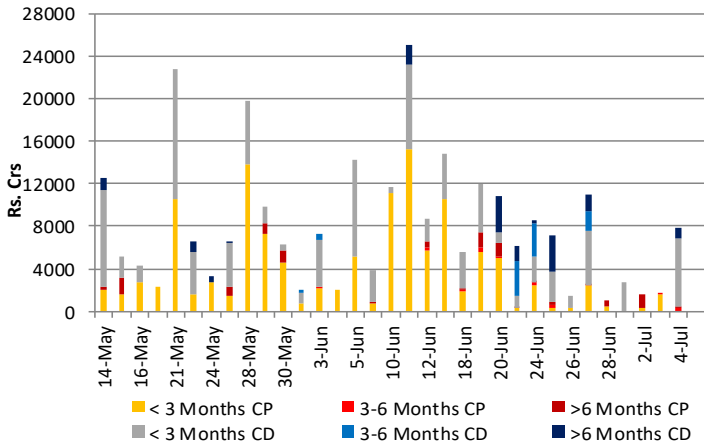
- Activity was seen throughout all segments.
- Banks and mutual funds were active in the 2025-2028 segment.
- Mutual funds and life insurance companies active in the longer segment.

**CP/CD**

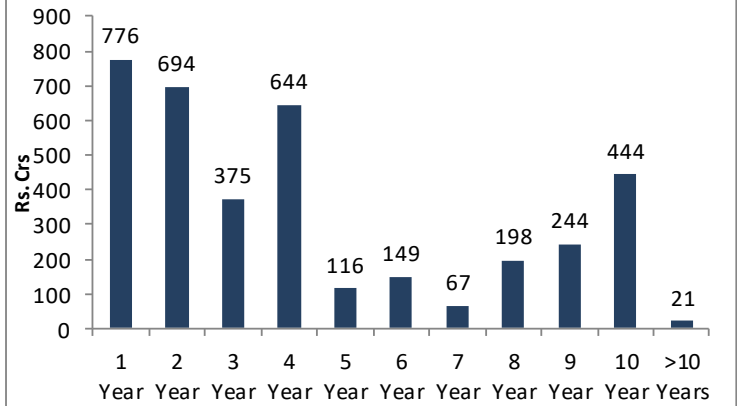
- Activity was seen up to the 9-month segment.



CP/CD Primary Volume



Bonds Volume



| 10 Year Benchmarks | 5-Jul | 4-Jul | 28-Jun | 5-Jun |
|--------------------|-------|-------|--------|-------|
| India              | 6.99  | 7.00  | 7.01   | 7.03  |
| US                 | 4.34  | 4.35  | 4.34   | 4.29  |
| South Korea        | 3.22  | 3.25  | 3.28   | 3.47  |
| Russia             | 15.11 | 15.11 | 15.11  | 14.84 |
| Brazil             | 12.07 | 12.07 | 12.33  | 11.85 |
| Germany            | 2.57  | 2.59  | 2.49   | 2.50  |
| China              | 2.26  | 2.22  | 2.21   | 2.31  |

| Top Traded Securities | Volume | 4-Jul | 3-Jul | 27-Jun | 4-Jun |
|-----------------------|--------|-------|-------|--------|-------|
| 7.26 2033             | 85     | 7.05  | 7.06  | 7.06   | 7.12  |
| 7.06 2028             | 425    | 6.98  | 6.99  | 7.00   | 7.10  |
| 7.62 2039             | -      | 7.05  | 7.04  | 7.05   | 7.13  |
| 7.30 2053             | 3,125  | 7.06  | 7.05  | 7.05   | 7.17  |
| 6.64 2035             | 305    | 7.05  | 7.06  | 7.05   | 7.09  |
| 7.40 2035             | 10     | 7.08  | 7.08  | 7.09   | 7.13  |

| MF       | DEBT           |             |                |
|----------|----------------|-------------|----------------|
|          | Gross Purchase | Gross Sales | Net Investment |
| 3-Jul-24 | 6674           | 7385        | -711           |

| EQUITY | Gross Purchase | Gross Sales | Net Investment |
|--------|----------------|-------------|----------------|
|        | 6169           | 1642        | 4526           |

| TOTAL (Rs.Crs) |             |                |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 12842          | 9027        | 3815           |

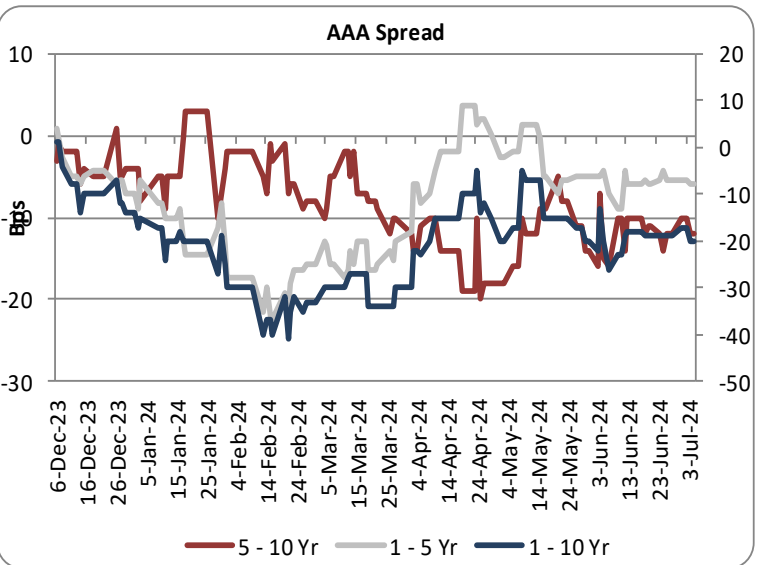
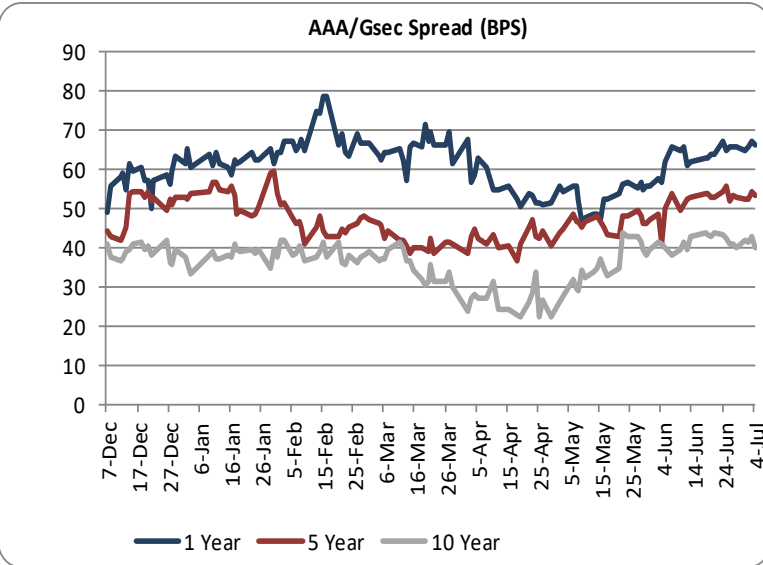
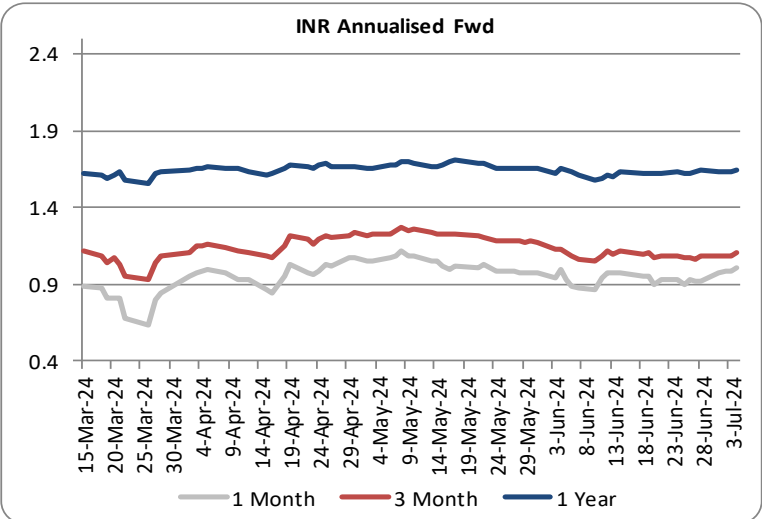
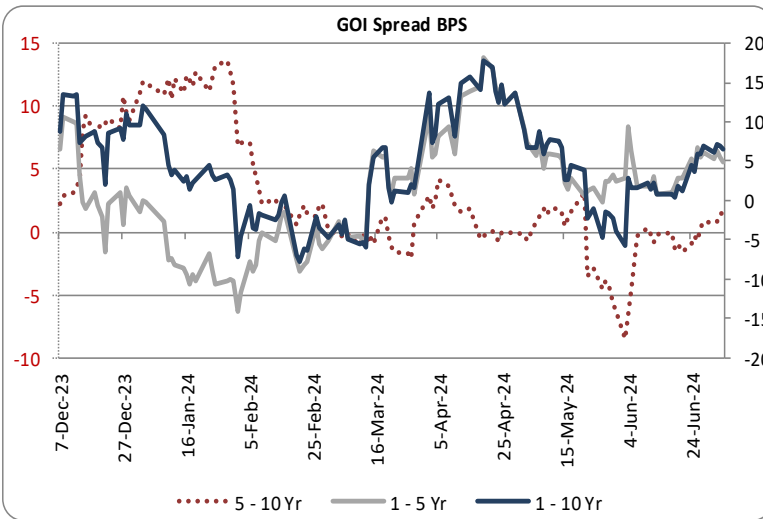
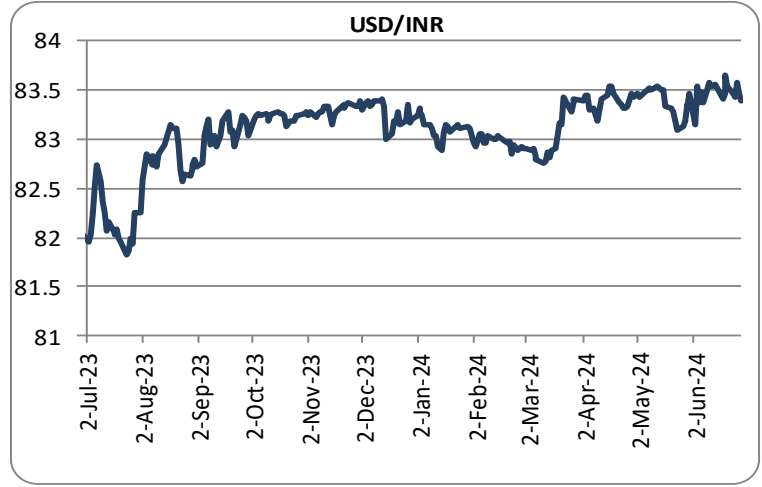
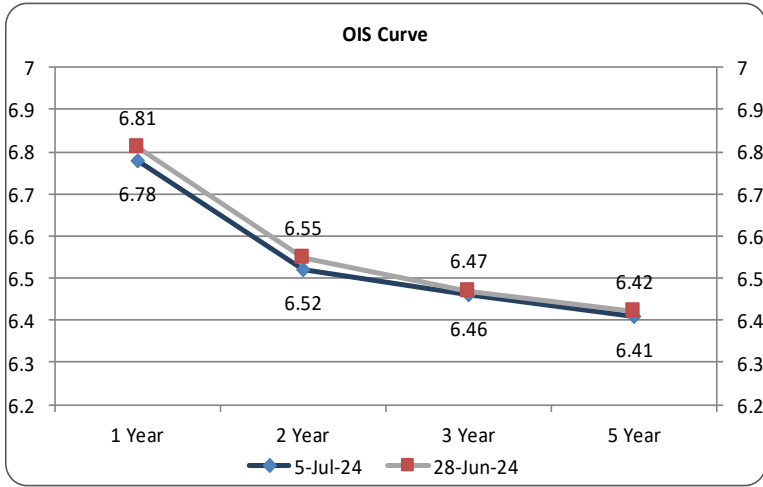
| FII      | DEBT           |             |                |
|----------|----------------|-------------|----------------|
|          | Gross Purchase | Gross Sales | Net Investment |
| 5-Jul-24 | 2414           | 481         | 1933           |

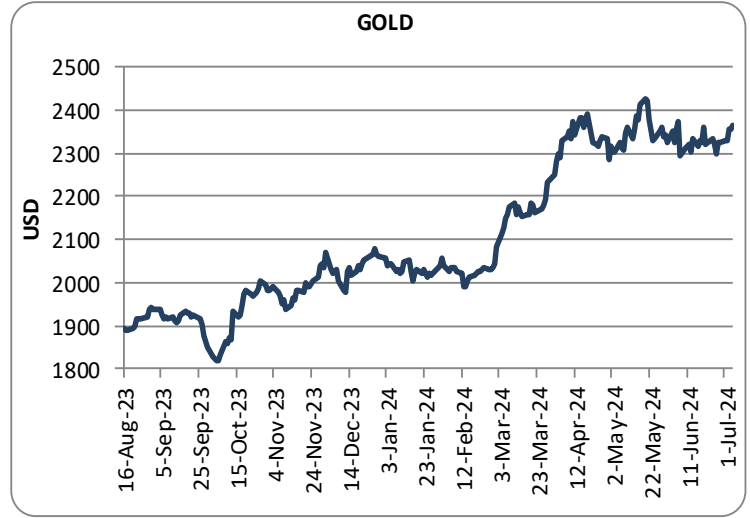
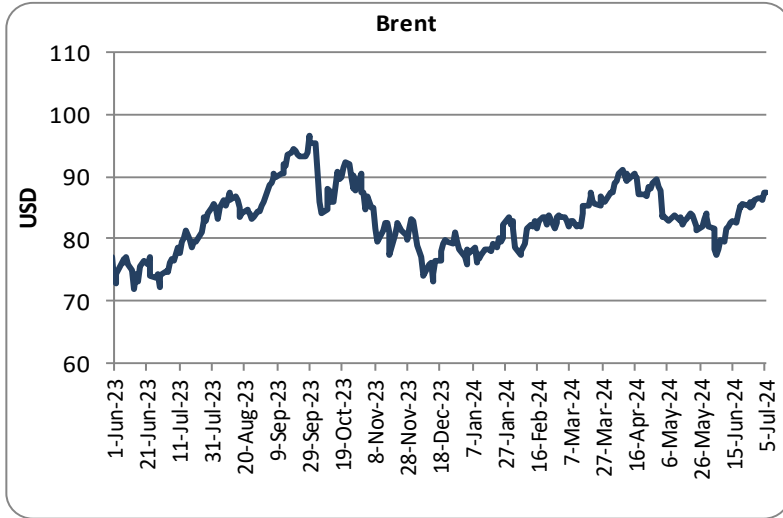
| EQUITY | Gross Purchase | Gross Sales | Net Investment |
|--------|----------------|-------------|----------------|
|        | 16289          | 10778       | 5512           |

| TOTAL (Rs. Crs) |             |                |
|-----------------|-------------|----------------|
| Gross Purchase  | Gross Sales | Net Investment |
| 18703           | 11259       | 7444           |

| INDICATORS            | PERIOD | ACTUAL | PRIOR |
|-----------------------|--------|--------|-------|
| GDP Quaterly (%)      | Mar-24 | 7.8    | 8.4   |
| CAD (\$ Bn)           | Mar-24 | 5.7    | -8.7  |
| Trade Deficit (\$ Bn) | Mar-24 | -50.9  | -71.6 |
| WPI (%)               | May-24 | 2.6    | 1.3   |
| CPI (%)               | May-24 | 4.8    | 4.8   |
| IIP (%)               | Apr-24 | 5.0    | 5.4   |
| PMI Manufacturing     | Jun-24 | 58.3   | 57.5  |
| PMI Service           | Jun-24 | 60.5   | 60.2  |

| Economic Calender | Country   | Date      | Poll   | Prior  |
|-------------------|-----------|-----------|--------|--------|
| CPI               | Japan     | 2-Jul-24  | 0      | 2.7    |
| CPI               | Euro Zone | 02-Jul-24 | -      | 2.60   |
| Unemployment Rate | Euro Zone | 02-Jul-24 | -      | 6.40   |
| Industrial Output | Brazil    | 03-Jul-24 | (1.50) | 8.40   |
| Unemployment Rate | USA       | 05-Jul-24 | 4.00   | 4.00   |
| Industrial Output | UK        | 11-Jul-24 | -      | (0.40) |
| CPI               | USA       | 11-Jul-24 | -      | 3.30   |
| Core CPI          | USA       | 11-Jul-24 | -      | 3.40   |





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

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