



BONDWATCH

Daily

July 07, 2023

INDIA

Indian government bond yields ended higher for a third consecutive week, tracking a relentless spike in U.S. peers, with key levels being broken on expectations of more interest rate hikes by the Federal Reserve.

The benchmark 7.26% 2033 bond yield ended at 7.1609%, the highest level since April 20, and after closing at 7.1464% on Thursday. The yield touched a high of 7.1755% during the session. The yield rose four basis points (bps) this week, after rising by four bps each in the last two weeks.

U.S. yields surged on Thursday after labour market data further strengthened expectations of aggressive rate hikes from the Fed.

The 10-year U.S. yield jumped to 4.08%, the highest in four months, while the two-year yield jumped to 5.12%, the highest in 16 years. The yields have risen 30 and 29 bps in the last three weeks respectively.

The data comes after the minutes of the Fed's June meeting reiterated that more rate hikes are coming. The odds of a July hike rose to around 89%, while bets of another hike after that also increased.

Oil prices rose on Friday and were on track for their second straight weekly gain, as resilient demand resulted in a larger-than-expected fall in U.S. oil stockpiles, offsetting fears of higher U.S. interest rates.

The Indian rupee weakened 0.27% versus the U.S. dollar, and quoted at 82.74 per dollar, on rising bets that the U.S. Federal Reserve will raise rates for more than expected.

Repo: The weighted average call rates in the interbank segment increased at 6.59% vs 5.44% as on the previous day while that the TREP segment decreased to 6.37% vs 6.39% as on the previous day.

GOI Yield	7-Jul	6-Jul	30-Jun	8-Jun
1 Year	6.870	6.840	6.850	6.850
5 Year	7.143	7.116	7.076	6.980
10 Year	7.161	7.146	7.117	7.022

AAA Bmk	7-Jul	6-Jul	30-Jun	8-Jun
1 Year	7.42	7.35	7.45	7.40
5 Year	7.60	7.58	7.57	7.43
10 Year	7.55	7.52	7.50	7.40

CD	7-Jul	6-Jul	30-Jun	8-Jun
3 Month	6.95	6.95	6.95	6.90
6 Month	7.20	7.20	7.20	7.20
1 Year	7.50	7.50	7.45	7.40

CP	7-Jul	6-Jul	30-Jun	8-Jun
3 Month	7.10	7.10	7.10	7.00
6 Month	7.30	7.30	7.30	7.30
1 Year	7.60	7.60	7.55	7.50

OIS Rate	7-Jul	6-Jul	30-Jun	8-Jun
1 Year	6.80	6.78	6.74	6.65
2 Year	6.52	6.51	6.45	6.33
3 Year	6.43	6.42	6.36	6.22
5 Year	6.40	6.38	6.30	6.13

	7-Jul	6-Jul	30-Jun	8-Jun
Sensex	65,280	65,786	64,719	62,849
Nifty	19,332	19,497	19,189	18,635
USD/INR	82.74	82.51	82.04	82.56
Gold (USD)	1,917	1,911	1,920	1,968
Oil (USD)	76.83	76.52	74.90	75.96

NDF	7-Jul	6-Jul	30-Jun	8-Jun
3 Month	82.99	83.02	82.29	82.77
1 Year	83.93	84.05	83.40	83.85
2 Year	86.08	86.03	85.38	85.96
3 Year	88.67	88.68	88.03	88.71

Market Observations

G-sec

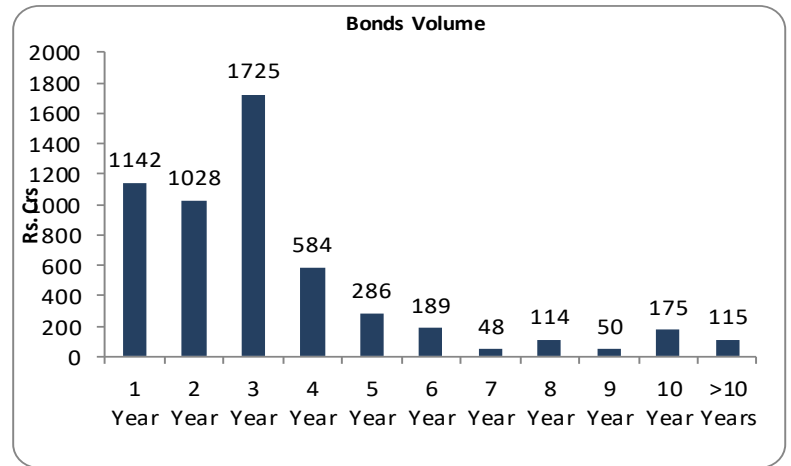
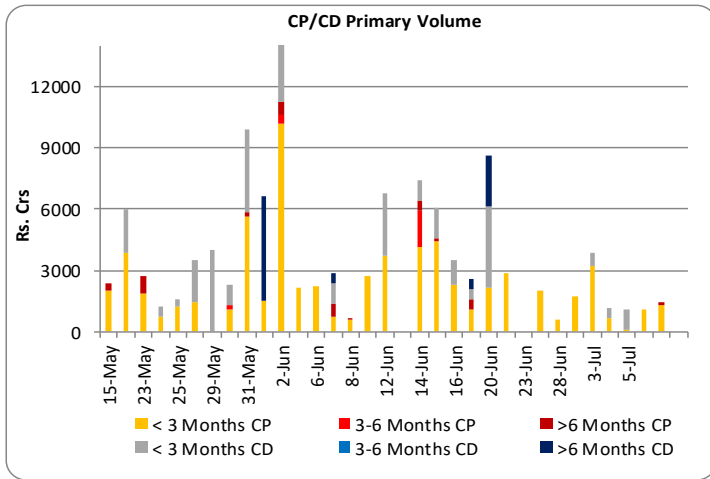
- G-sec opened 2bps negative following the US treasury yields but got better over the course of the day.
- Demand was seen in 7 and 10year SDLs by nationalized banks.
- G-sec cut off was better than market expectations.
- Demand was seen in the 2063 paper by Life insurance company post cut off @7.39 centric levels

Corporate Bonds

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

CP/CD

- Buying was seen in the 1-3 month segment.



10 Year Benchmarks	7-Jul	6-Jul	30-Jun	8-Jun
India	7.16	7.15	7.11	7.02
US	4.06	4.04	3.82	3.71
South Korea	3.76	3.71	3.70	3.63
Russia	11.24	11.24	11.19	10.84
Brazil	10.96	10.88	10.67	11.13
Germany	2.64	2.63	2.39	2.42
China	2.69	2.69	2.68	2.71

Top Traded Securities	Volume	7-Jul	6-Jul	30-Jun	8-Jun
5.74 2026	40	7.13	7.10	7.07	6.95
7.38 2027	-	7.14	7.12	7.08	6.98
7.10 2029	-	7.16	7.15	7.12	7.01
6.54 2032	-	7.20	7.19	7.15	7.07
7.26 2032	#VALUE!	7.19	7.18	7.15	7.06
7.54 2036	-	7.27	7.27	7.24	7.12

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
5-Jul-23	4293	4581	-288

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	5197	4349	848

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9490	8930	560

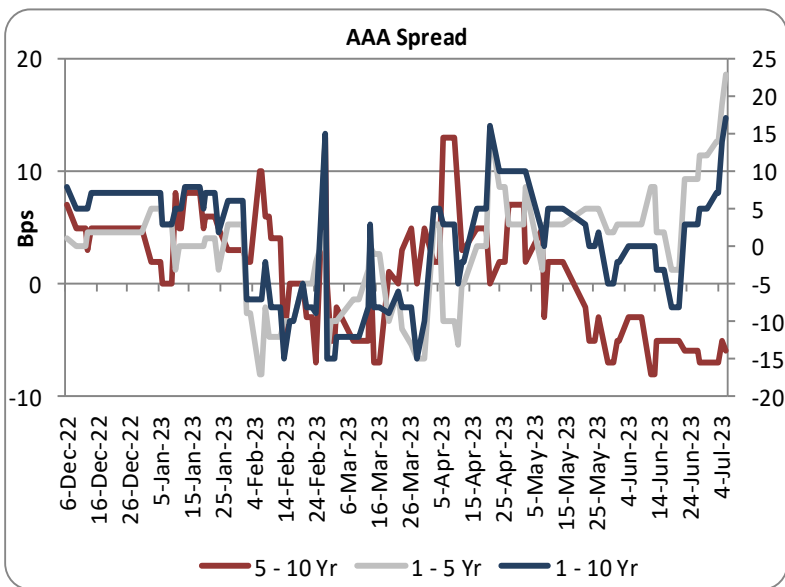
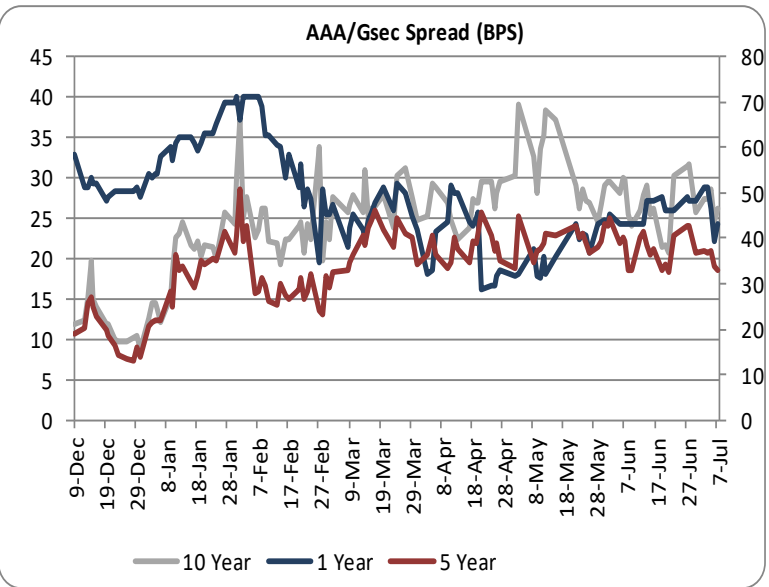
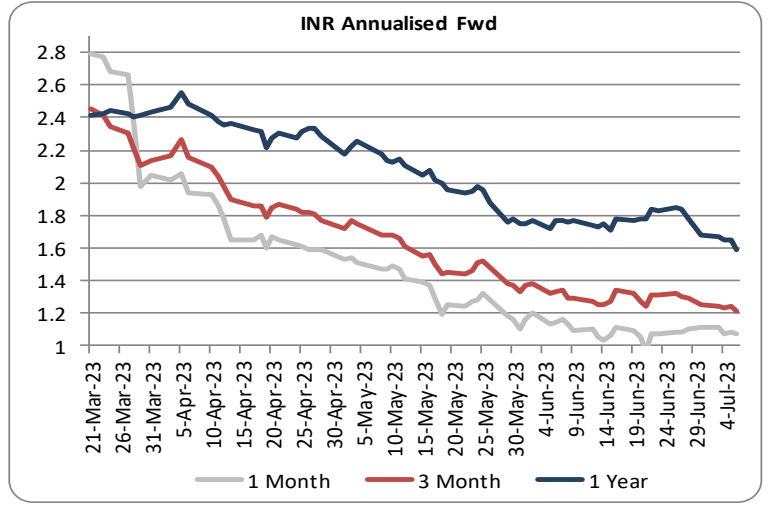
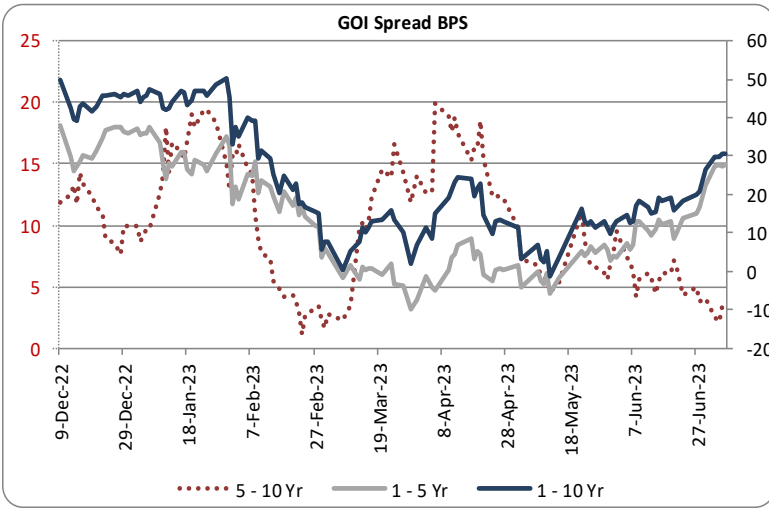
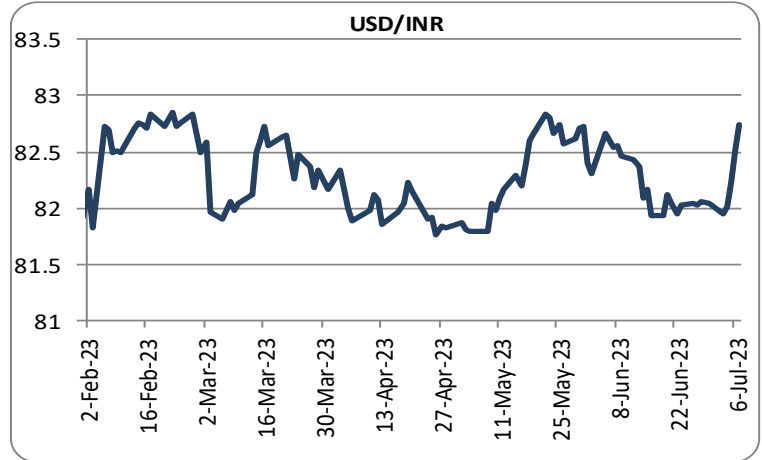
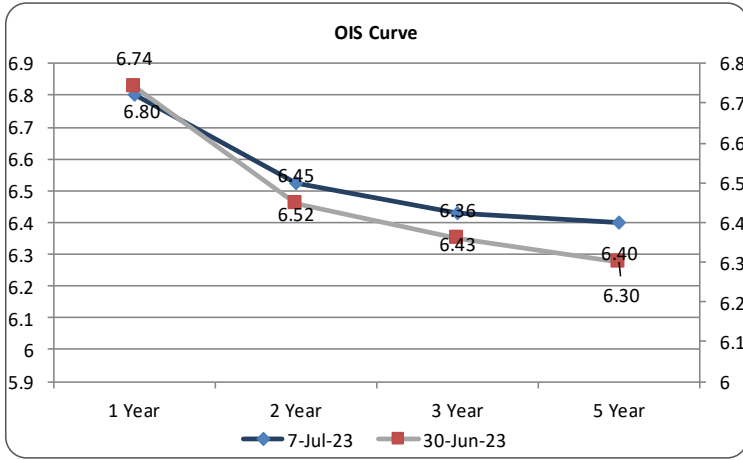
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
7-Jul-23	1214	491	724

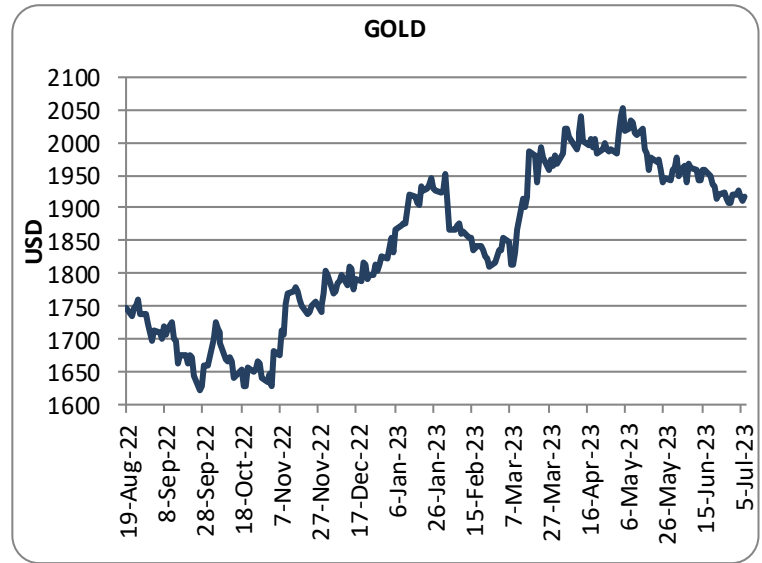
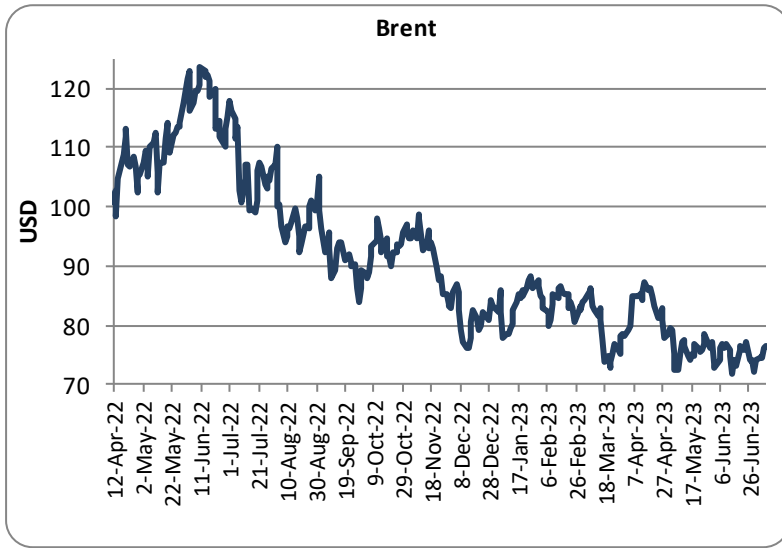
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	12350	9517	2833

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	13564	10008	3556

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	India	12-Jul-23	-	4.25
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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