



BONDWATCH

INDIA

Daily

June 07, 2023

Indian government bond yields ended largely unchanged on Wednesday, a day before the Reserve Bank of India's crucial monetary policy decision, which is expected to give direction and clarity on the central bank's stance on handling inflation.

The 10-year benchmark 7.26% 2033 bond yield ended at 6.9808%, after closing at 6.9780% in the previous session. The benchmark note traded in a narrow band through the day.

Market is expecting that the central bank will leave the key rate unchanged at 6.50% for June, but also maintain a prolonged pause for the rest of 2023. The RBI surprised markets with a pause in its rate hike cycle in its April policy after raising rates by 250 basis points (bps) in the previous financial year to control the soaring inflation.

Apart from the policy stance, traders will also keep a close eye on the central bank's commentary on liquidity management, after back-to-back reverse repos over the last four days.

Market participants will also await the U.S. Federal Reserve's monetary policy outcome due next week, with the odds of a pause currently at around 78%.

Oil prices edged higher on Wednesday as Saudi's surprise weekend pledge to deepen output cuts outweighed China's weak export data and rising US fuel stocks.

The Indian rupee strengthened 0.07% versus the U.S. dollar, and quoted at 82.54 per dollar on possible dollar inflows into equities.

Repo: The weighted average call rates in the interbank segment increased to 6.43% vs 6.34% as on the previous day while that the TREP segment increased to 6.42% vs 6.30% as on the previous day.

Market Observations

G-sec

- Investors were seen buying longer ended G-sec.
- 91-day t-bill cut off was higher than expected. 182-day and 364-day t-bill cut off was in line with market expectations.

Corporate Bonds

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

CP/CD

- Market was active in the 3-month segment.

GOI Yield	7-Jun	6-Jun	31-May	9-May
1 Year	6.850	6.850	6.890	7.010
5 Year	6.918	6.908	6.919	6.986
10 Year	6.981	6.978	6.987	7.045

AAA Bmk	7-Jun	6-Jun	31-May	9-May
1 Year	7.40	7.40	7.45	7.45
5 Year	7.43	7.43	7.47	7.48
10 Year	7.40	7.40	7.40	7.45

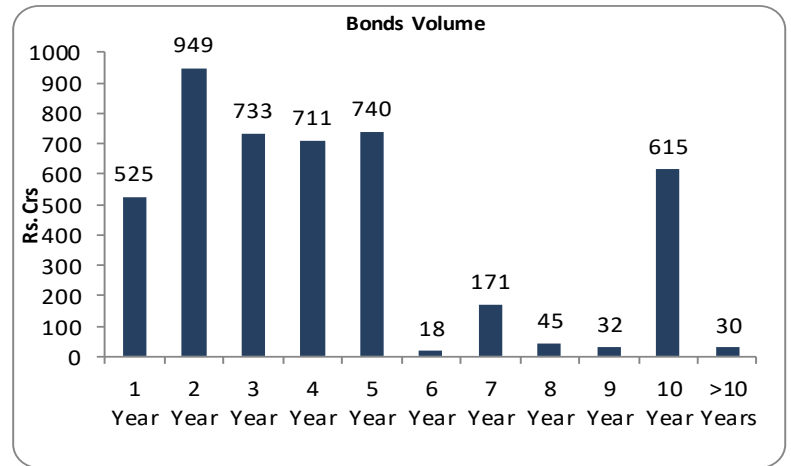
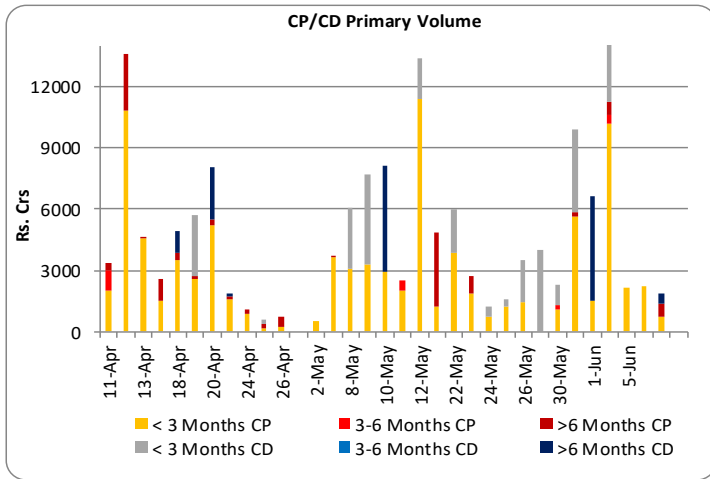
CD	7-Jun	6-Jun	31-May	9-May
3 Month	6.85	6.85	7.00	7.10
6 Month	7.15	7.15	7.25	7.30
1 Year	7.35	7.40	7.45	7.50

CP	7-Jun	6-Jun	31-May	9-May
3 Month	6.95	6.95	7.10	7.20
6 Month	7.25	7.25	7.35	7.40
1 Year	7.45	7.50	7.55	7.60

OIS Rate	7-Jun	6-Jun	31-May	9-May
1 Year	6.60	6.58	6.57	6.63
2 Year	6.26	6.23	6.21	6.24
3 Year	6.13	6.11	6.09	6.06
5 Year	6.05	6.04	6.03	6.04

	7-Jun	6-Jun	31-May	9-May
Sensex	63,143	62,793	62,622	61,761
Nifty	18,726	18,599	18,534	18,266
USD/INR	82.55	82.61	82.72	82.04
Gold (USD)	1,962	1,963	1,962	2,034
Oil (USD)	77.05	76.29	72.66	77.44

NDF	7-Jun	6-Jun	31-May	9-May
3 Month	82.77	82.79	82.98	82.43
1 Year	83.87	83.94	84.15	83.86
2 Year	86.23	86.15	86.42	86.24
3 Year	89.19	88.90	89.22	89.14



10 Year Benchmarks	7-Jun	6-Jun	31-May	9-May
India	6.98	6.98	6.99	7.05
US	3.68	3.70	3.64	3.52
South Korea	3.52	3.56	3.53	3.31
Russia	10.82	10.82	10.76	10.65
Brazil	11.22	11.17	11.55	12.38
Germany	2.37	2.37	2.27	2.34
China	2.71	2.71	2.71	2.76

Top Traded Securities	Volume	7-Jun	6-Jun	31-May	9-May
5.74 2026	205	6.91	6.89	#N/A	6.95
7.38 2027	-	6.92	6.91	6.92	6.99
7.10 2029	-	6.97	6.95	6.98	7.04
6.54 2032	-	7.04	7.03	7.04	7.11
7.26 2032	#VALUE!	7.02	7.02	7.03	7.10
7.54 2036	-	7.09	7.09	7.10	7.16

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
2-Jun-23	5117	4740	377

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
2-Jun-23	8232	6484	1748

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
2-Jun-23	13349	11225	2125

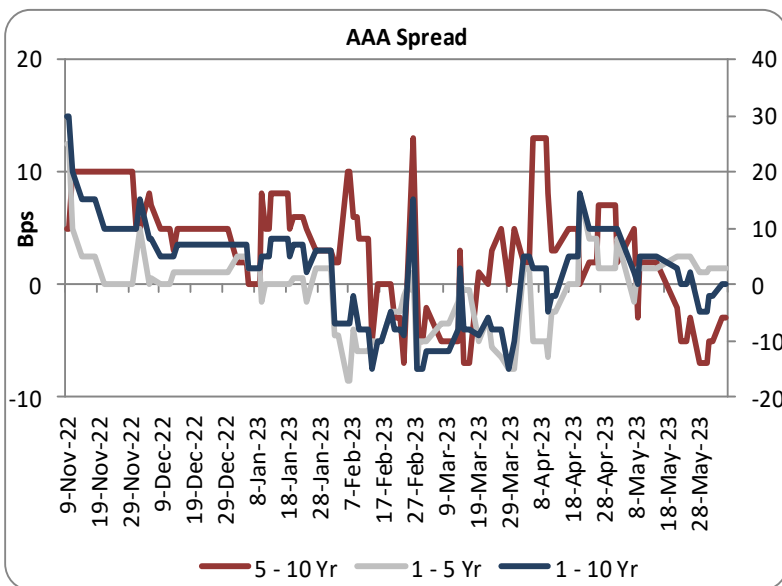
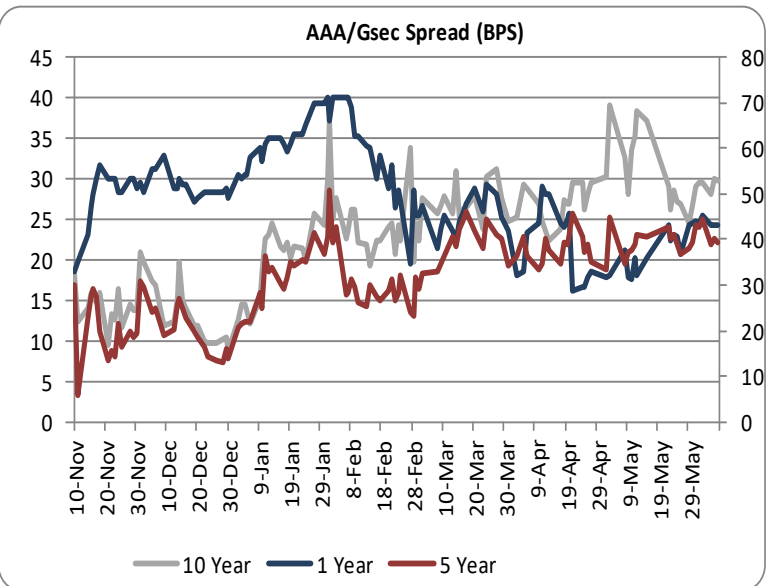
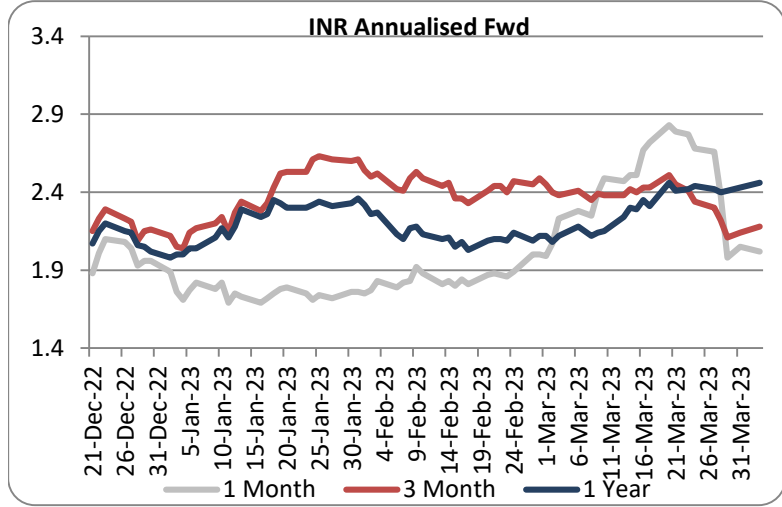
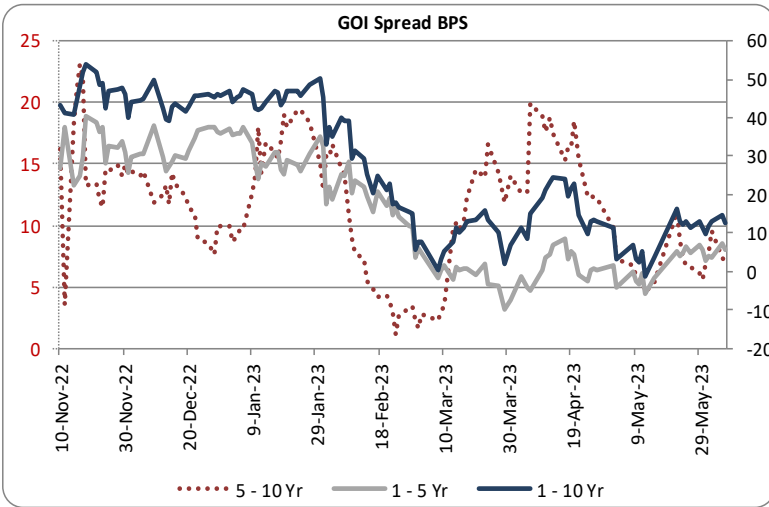
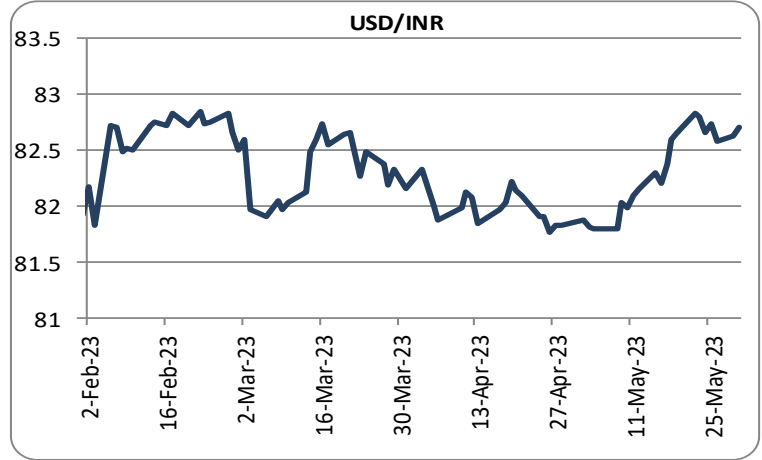
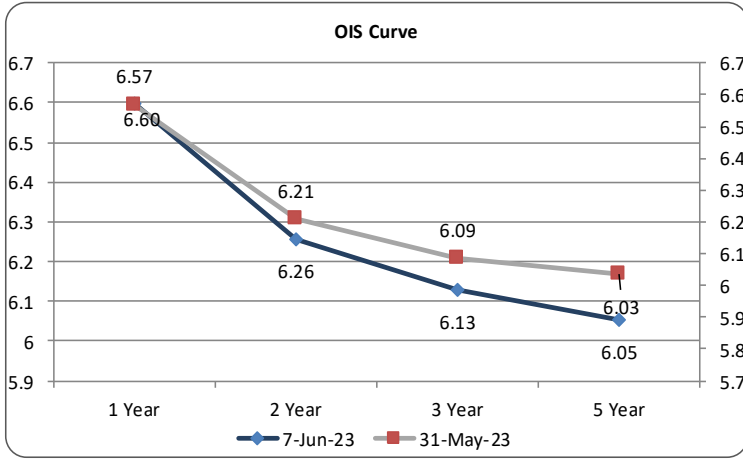
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
7-Jun-23	820	808	13

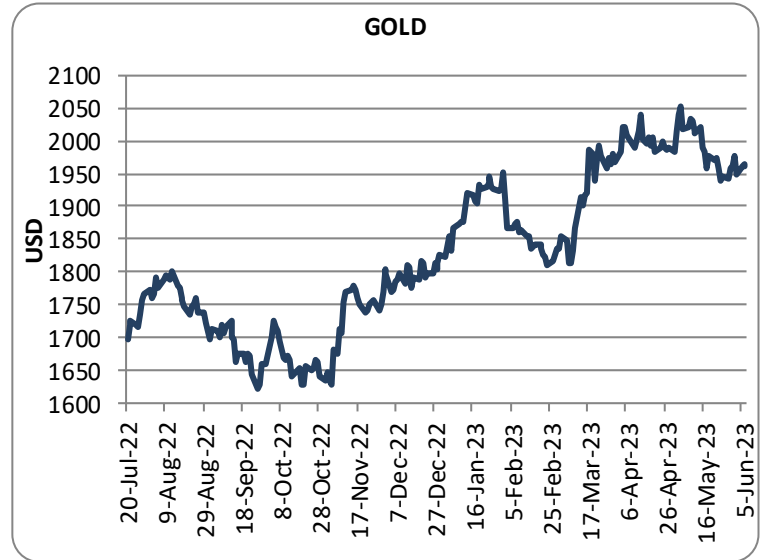
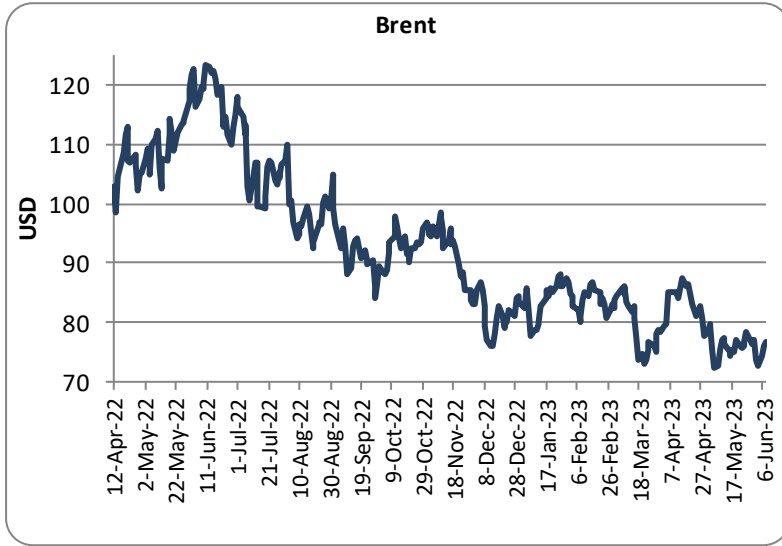
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
7-Jun-23	9480	8368	1111

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
7-Jun-23	10300	9176	1124

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Apr-23	-0.9	1.3
CPI (%)	Apr-23	4.7	5.7
IIP (%)	Mar-23	1.1	5.6
PMI Manufacturing	May-23	58.7	57.2
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
Repo Rate	India	8-Jun-23	6.5	6.5
GDP YY	Euro Zone	08-Jun-23	1.20	1.30
CPI	China	09-Jun-23	-	0.10
CPI	Russia	09-Jun-23	2.40	2.30
CPI	Germany	13-Jun-23	-	6.10
GDP YY	UK	14-Jun-23	-	0.30
WPI	India	14-Jun-23	-	(0.92)
Retail Sales	Brazil	14-Jun-23	-	3.20





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

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