



BONDWATCH

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INDIA

Indian government bond yields ended marginally lower on Tuesday as U.S. yields pulled back, while the government's announcement of a new 10-year bond aided sentiment.

Market participants, however, maintained a cautious stance amid expectations of a hawkish guidance from the Reserve Bank of India at its policy meeting on Thursday.

The benchmark 7.26% 2033 bond yield ended at 7.1643% after closing the previous session at 7.1981%.

The Indian government will sell bonds worth 330 billion rupees (\$3.99 billion) on Friday, including 140 billion Rupees worth of a new 10-year paper that will replace the existing benchmark paper in the coming weeks.

The 10-year paper will be well bid but is unlikely to see a massive premium over the existing benchmark bond as demand is likely to be dependent on the RBI's tone.

The RBI is expected to maintain key rates but will adopt a more hawkish tone as the recent rise in food prices risks becoming entrenched.

Retail inflation in June rose 4.81%, snapping a four-month downward trend, and economists are forecasting readings for July and August to stay in the 6.5%-7.0% range, way above the RBI's upper tolerance limit.

Meanwhile, the 10-year U.S. yield has remained around the 4.05% mark, after rising to 4.20% last week, with traders awaiting the July inflation print due on Thursday for cues on the interest rate trajectory.

The Indian rupee weakened 0.10% versus the U.S. dollar, and quoted at 82.8275 per dollar as a stronger greenback weighed on the local currency and its Asian peers.

Repo: The weighted average call rates in the interbank segment remained the same at 6.36% vs 6.36% as on the previous day while that the TREP segment increased to 6.30% vs 6.28% as on the previous day.

Market Observations

G-sec

- SDL Cut-offs were in line with market expectations.
- Markets closed at 7.1650, i.e. 2 bps better from the opening levels.

Corporate Bonds

- Major selling was seen in the 2028 segment and some buying was seen in the 2025-26 segment by mutual funds.
- Mutual funds are reducing their portfolio durations.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	8-Aug	4-Aug	1-Aug	10-Jul
1 Year	6.870	6.920	6.883	6.860
5 Year	7.142	7.172	7.143	7.112
10 Year	7.164	7.195	7.160	7.134

AAA Bmk	8-Aug	4-Aug	1-Aug	10-Jul
1 Year	7.35	7.40	7.35	7.40
5 Year	7.60	7.60	7.60	7.62
10 Year	7.55	7.55	7.52	7.55

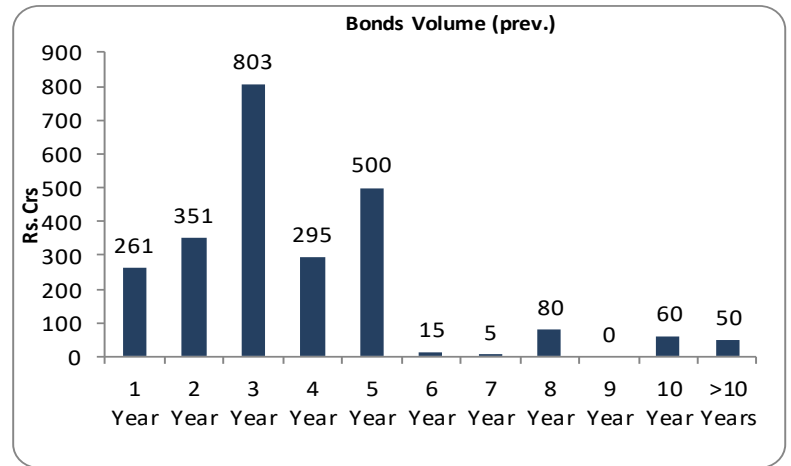
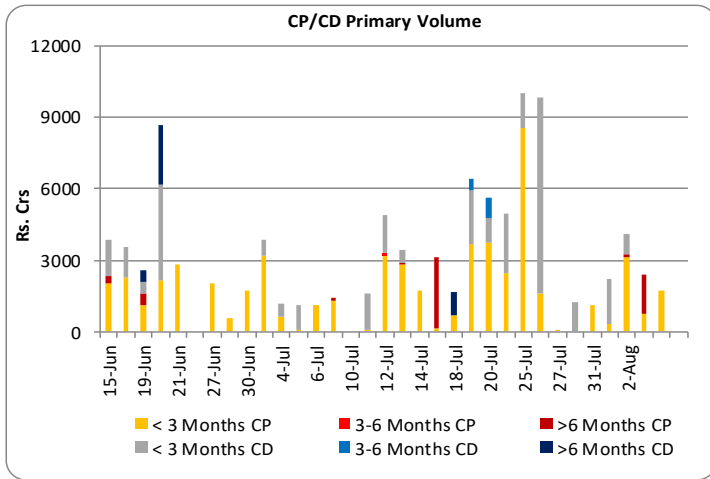
CD	8-Aug	4-Aug	1-Aug	10-Jul
3 Month	6.95	6.95	6.95	6.95
6 Month	7.20	7.20	7.20	7.20
1 Year	7.45	7.45	7.50	7.50

CP	8-Aug	4-Aug	1-Aug	10-Jul
3 Month	7.05	7.05	7.05	7.10
6 Month	7.30	7.30	7.30	7.30
1 Year	7.55	7.55	7.60	7.60

OIS Rate	8-Aug	4-Aug	1-Aug	10-Jul
1 Year	6.89	6.89	6.83	6.81
2 Year	6.65	6.64	6.59	6.56
3 Year	6.57	6.60	6.52	6.47
5 Year	6.55	6.55	6.46	6.44

	8-Aug	4-Aug	1-Aug	10-Jul
Sensex	65,847	65,721	66,459	65,344
Nifty	19,571	19,517	19,734	19,356
USD/INR	82.83	82.84	82.26	82.57
Gold (USD)	1,930	1,942	1,944	1,925
Oil (USD)	83.76	86.24	84.91	77.69

NDF	8-Aug	4-Aug	1-Aug	10-Jul
3 Month	83.17	82.92	82.57	82.83
1 Year	84.22	83.94	83.60	83.84
2 Year	86.39	86.06	85.66	85.87
3 Year	89.03	88.71	88.32	88.52



10 Year Benchmarks	8-Aug	4-Aug	1-Aug	10-Jul
India	7.16	7.19	7.16	7.15
US	4.00	4.06	4.05	4.01
South Korea	3.74	3.88	3.72	3.85
Russia	11.64	11.58	11.53	11.30
Brazil	10.95	10.82	10.86	10.71
Germany	2.42	2.54	2.52	2.63
China	2.65	2.68	2.69	2.69

Top Traded Securities	Volume	8-Aug	4-Aug	1-Aug	10-Jul
5.74 2026	730	7.14	7.17	7.11	7.12
7.38 2027	20	7.14	7.17	7.14	7.11
7.10 2029	-	7.17	7.19	7.16	7.15
6.54 2032	-	7.20	7.22	7.18	7.20
7.26 2032	#VALUE!	7.20	7.22	7.18	7.17
7.54 2036	-	#N/A	7.29	7.25	7.26

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
3-Aug-23	3082	2594	487

EQUITY	Gross Purchase	Gross Sales	Net Investment
	3594	3518	76

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
6676	6112	563

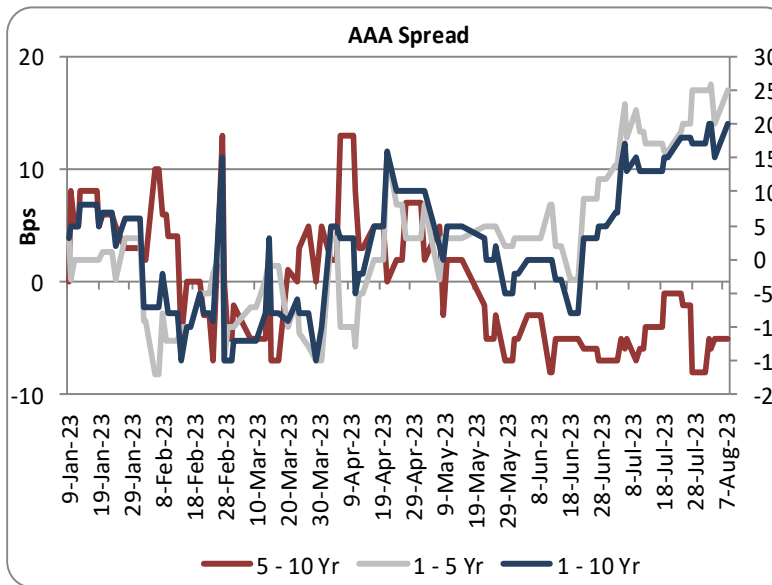
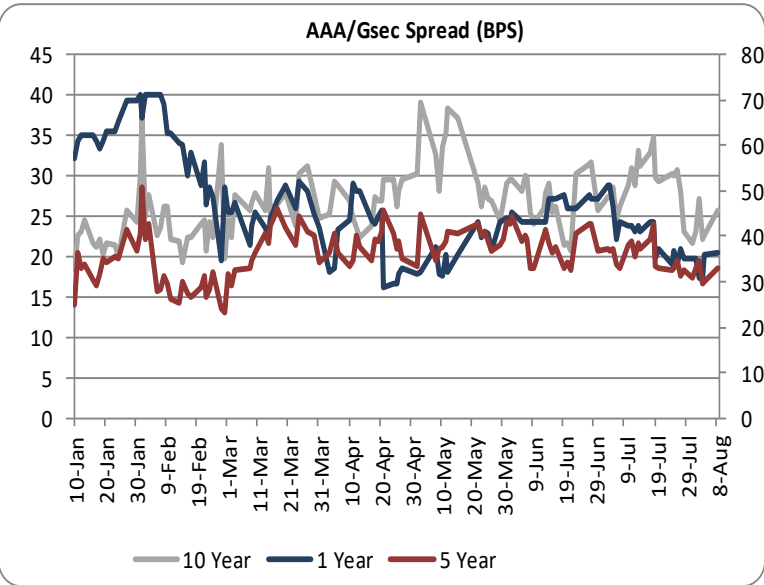
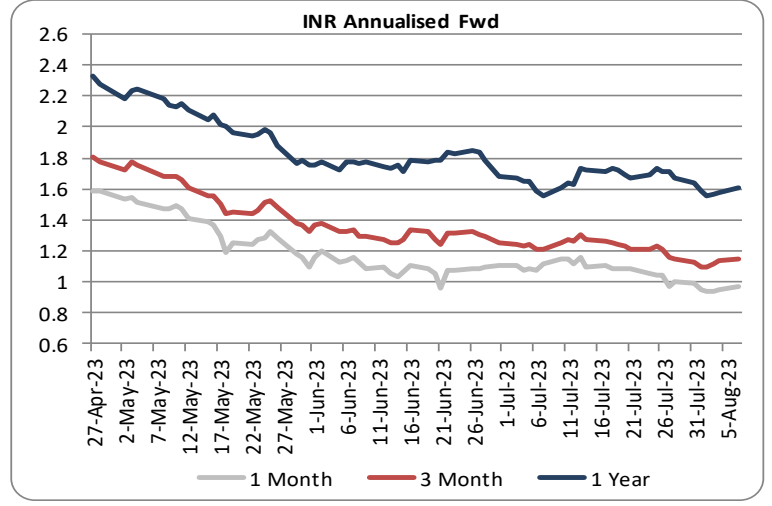
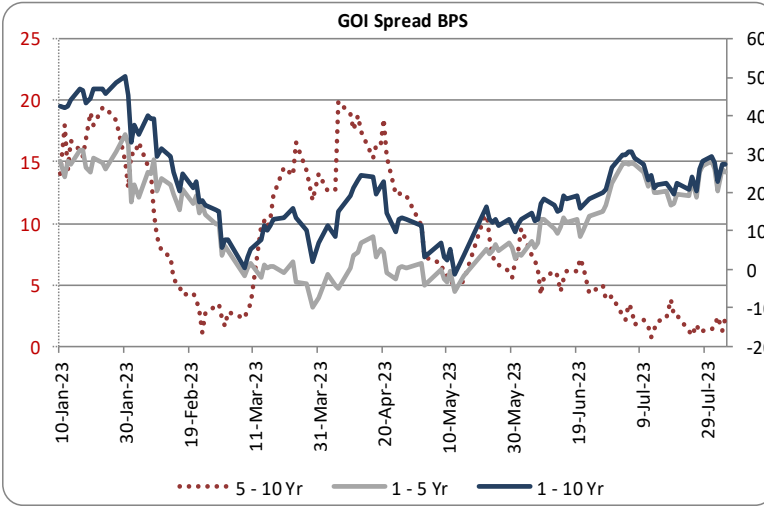
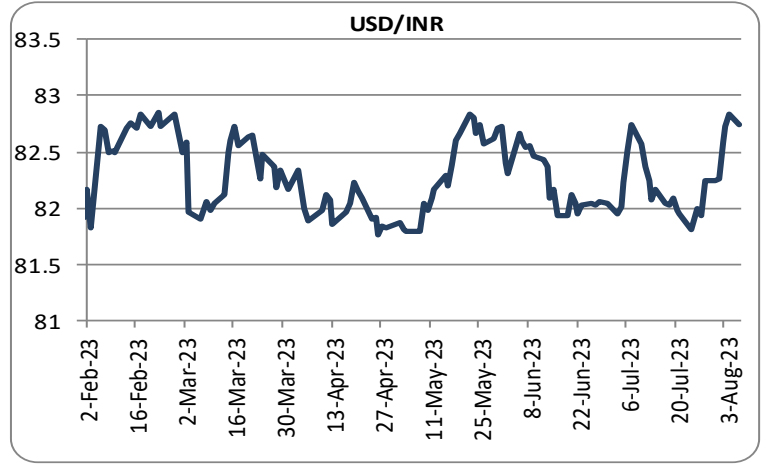
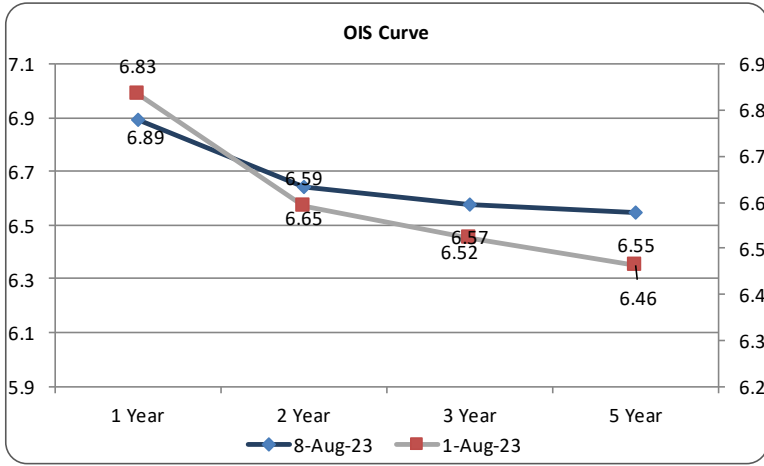
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
8-Aug-23	391	449	-58

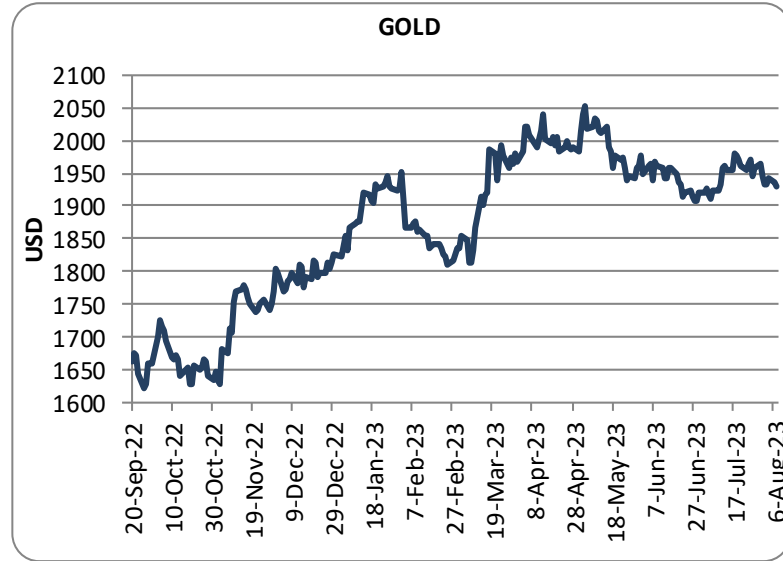
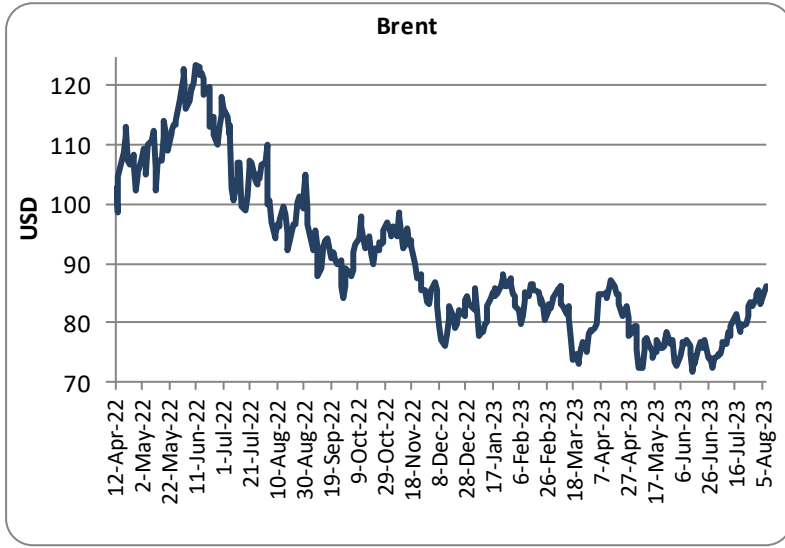
EQUITY	Gross Purchase	Gross Sales	Net Investment
	11794	9542	2252

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
12186	9991	2194

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 (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
CPI	China	9-Aug-23	-0.4	0
Retail Sales	Brazil	09-Aug-23	0.35	(1.00)
Repo Rate	India	10-Aug-23	6.50	6.50
CPI	USA	10-Aug-23	3.30	3.00
Industrial Output	UK	11-Aug-23	(1.10)	(2.30)
WPI	India	14-Aug-23	-	(4.12)
CPI	India	14-Aug-23	-	4.81
Industrial Output	China	15-Aug-23	-	4.40





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

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