



BONDWATCH

INDIA

Daily

June 08, 2023

India government bond yields ended higher on Thursday with the benchmark yield rising above 7%, after the Reserve Bank of India (RBI) maintained rates and stance, but hinted that monetary conditions would remain tight in the near future.

The 10-year benchmark 7.26% 2033 bond yield ended at 7.0224%, highest since May 29 and after closing at 6.9808% in the previous session.

The central bank kept its key lending rate at 6.50% for a second straight time, but Governor Shaktikanta Das said the RBI needed to move towards the primary target of inflation at 4%.

Despite hitting an 18-month low of 4.70% in April, analysts do not expect India's inflation to fall to the RBI's 4% medium-term target sustainably in the near term. The RBI expects inflation to average 5.1% in this financial year, while it sees growth at 6.5%.

The nation's overnight indexed swap rates jumped as markets have pushed back the start of the rate cut cycle to 2024. The one-year and five-year swap rates rose to their highest levels in around three months.

Market participants also await the outcome of the U.S. Federal Reserve's monetary policy meeting next week. The odds of a pause in the Fed's rate cycle next week further fell to 70% from around 80%.

The Indian rupee weakened 0.02% versus the U.S. dollar, and quoted at 82.56 per dollar, after the RBI kept the key policy rate unchanged as widely expected, while the focus shifted to the U.S. Federal Reserve rate outcome next week.

Repo: The weighted average call rates in the interbank segment increased to 6.59% vs 6.43% as on the previous day while that the TREP segment increased to 6.60% vs 6.42% as on the previous day.

GOI Yield	8-Jun	7-Jun	1-Jun	10-May
1 Year	6.850	6.850	6.865	7.015
5 Year	6.980	6.918	6.905	6.983
10 Year	7.022	6.981	6.982	7.041

AAA Bmk	8-Jun	7-Jun	1-Jun	10-May
1 Year	7.40	7.40	7.42	7.45
5 Year	7.43	7.43	7.45	7.48
10 Year	7.40	7.40	7.40	7.50

CD	8-Jun	7-Jun	1-Jun	10-May
3 Month	6.90	6.85	6.90	7.15
6 Month	7.20	7.15	7.15	7.35
1 Year	7.40	7.35	7.40	7.50

CP	8-Jun	7-Jun	1-Jun	10-May
3 Month	7.00	6.95	7.00	7.25
6 Month	7.30	7.25	7.25	7.45
1 Year	7.50	7.45	7.50	7.60

OIS Rate	8-Jun	7-Jun	1-Jun	10-May
1 Year	6.65	6.60	6.57	6.63
2 Year	6.33	6.26	6.21	6.25
3 Year	6.22	6.13	6.08	6.08
5 Year	6.13	6.05	6.01	6.05

	8-Jun	7-Jun	1-Jun	10-May
Sensex	62,849	63,143	62,429	61,940
Nifty	18,635	18,726	18,488	18,315
USD/INR	82.56	82.55	82.41	81.99
Gold (USD)	1,945	1,940	1,978	2,030
Oil (USD)	77.51	76.95	74.28	76.41

NDF	8-Jun	7-Jun	1-Jun	10-May
3 Month	82.83	82.80	82.59	82.29
1 Year	83.90	83.96	83.74	83.62
2 Year	87.57	86.27	85.92	85.98
3 Year	89.13	89.02	88.67	88.78

Market Observations

G-sec

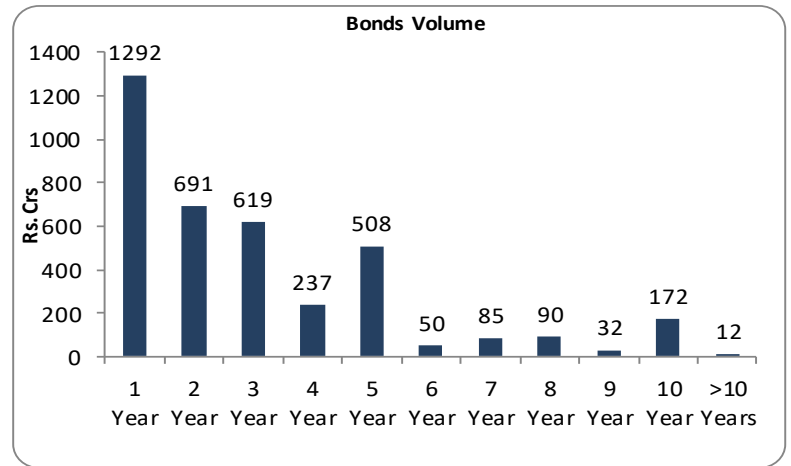
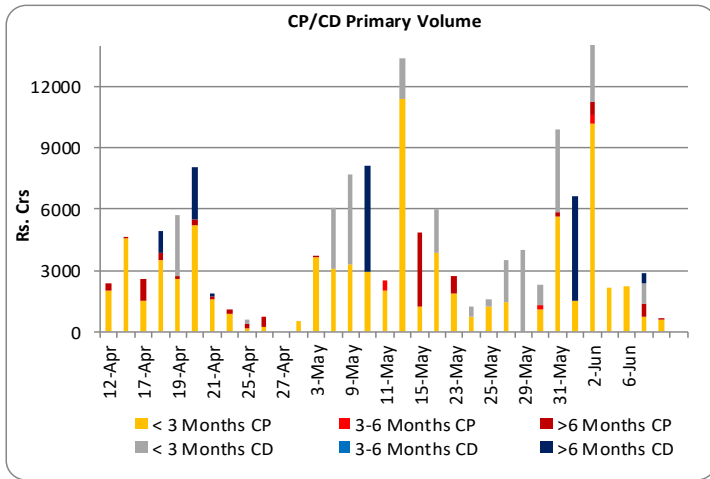
- 10year G-sec showed weakness throughout the day and got given by almost 3.50bps closing at 7.0224 levels on policy day.
- Foreign banks were selling in the 5-year G-sec and life insurance companies were selling in the 10-year SDL segment.

Corporate Bonds

- Market moved slightly after the MPC policy but buying was limited to Mutual Funds.
- Insurance companies were buying in the longer segment.

CP/CD

- Market was active in the 3-month segment.



10 Year Benchmarks	8-Jun	7-Jun	1-Jun	10-May
India	7.02	6.98	6.98	7.04
US	3.81	3.78	3.61	3.44
South Korea	3.63	3.52	3.55	3.34
Russia	10.84	10.83	10.78	10.66
Brazil	11.31	11.13	11.55	12.33
Germany	2.46	2.44	2.26	2.30
China	2.71	2.71	2.71	2.73

Top Traded Securities	Volume	8-Jun	7-Jun	1-Jun	10-May
5.74 2026	75	6.95	6.91	6.90	6.97
7.38 2027	5	6.98	6.92	6.91	6.98
7.10 2029	-	7.01	6.97	6.96	7.03
6.54 2032	-	7.07	7.04	7.03	7.11
7.26 2032	#VALUE!	7.06	7.02	7.02	7.09
7.54 2036	-	7.12	7.09	7.09	7.14

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
6-Jun-23	4119	4801	-682

EQUITY			
MF	Gross Purchase	Gross Sales	Net Investment
6-Jun-23	7559	6214	1345

TOTAL (Rs.Crs)			
MF	Gross Purchase	Gross Sales	Net Investment
6-Jun-23	11678	11016	662

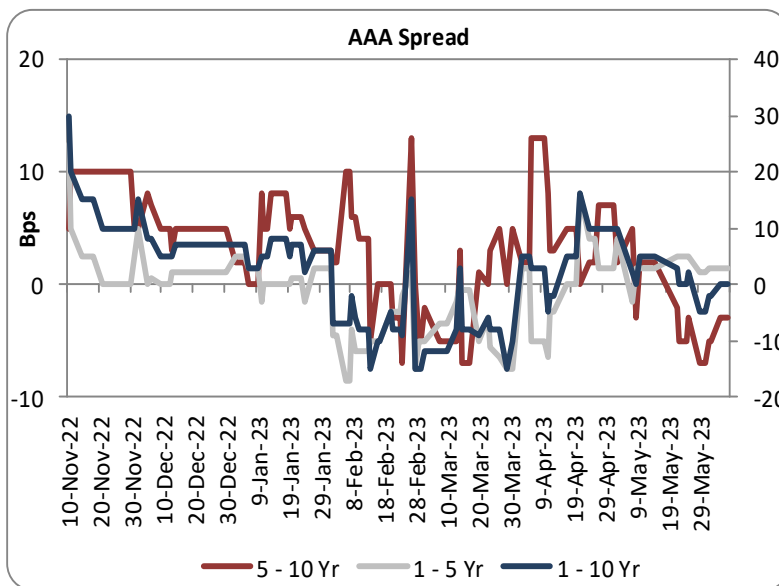
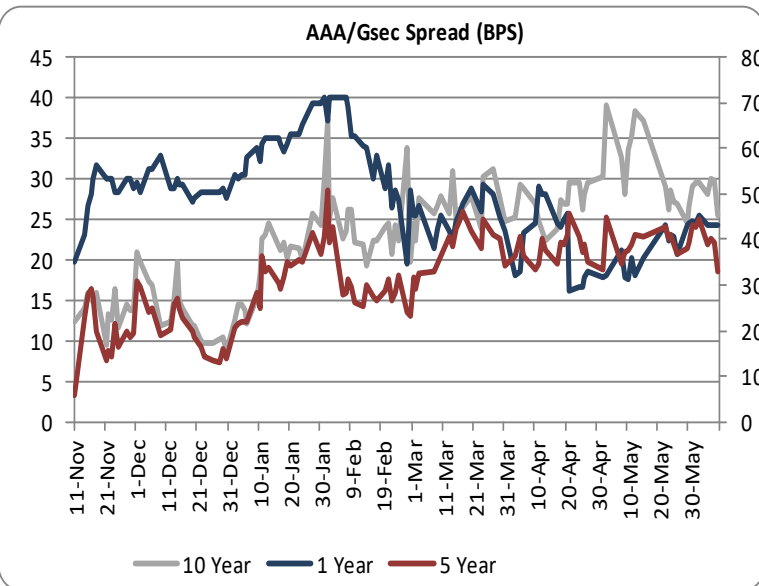
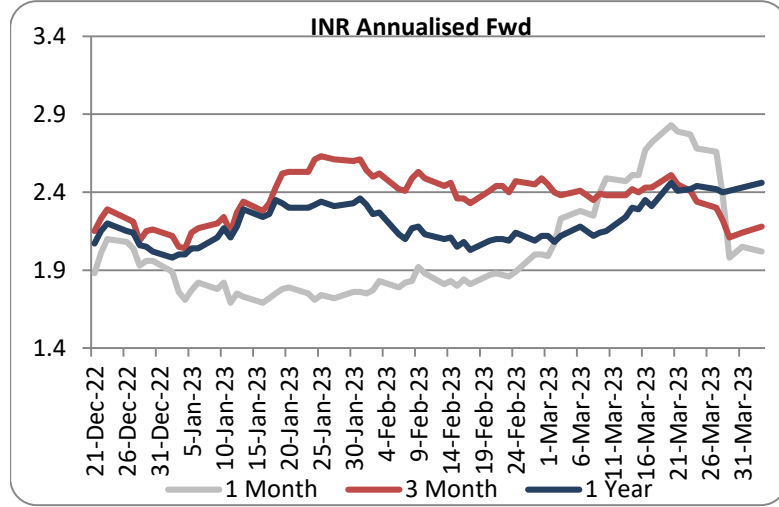
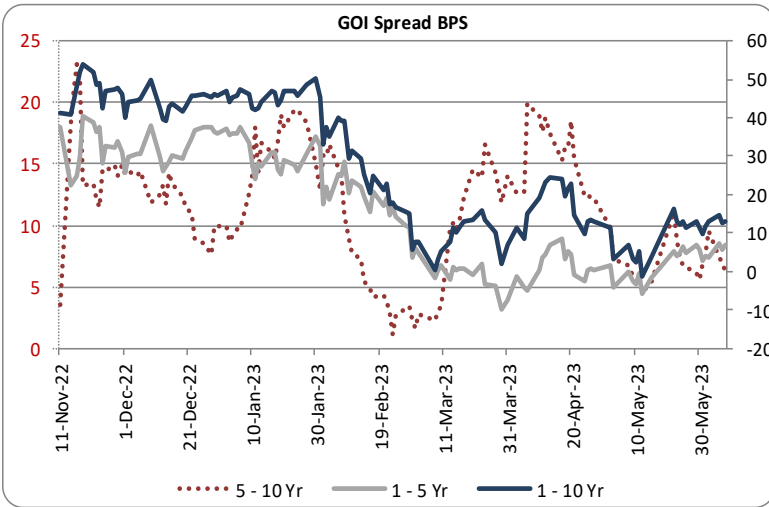
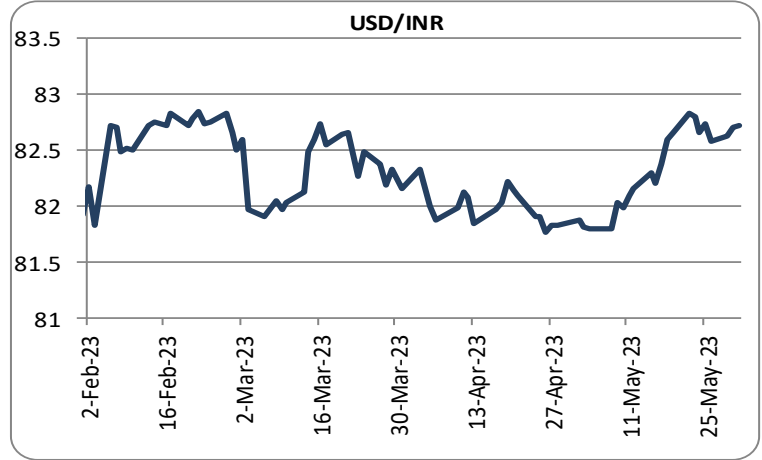
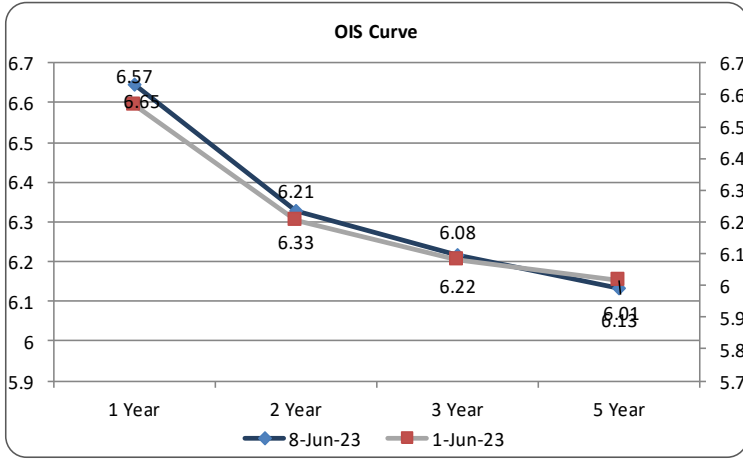
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
8-Jun-23	377	228	149

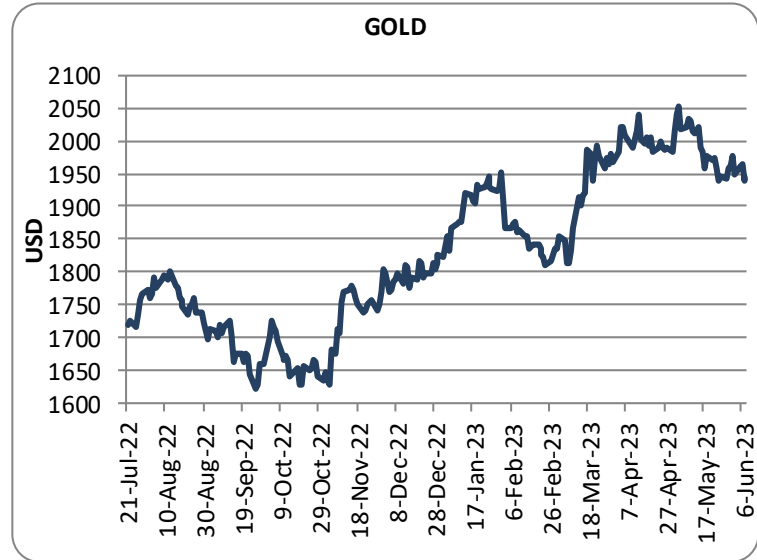
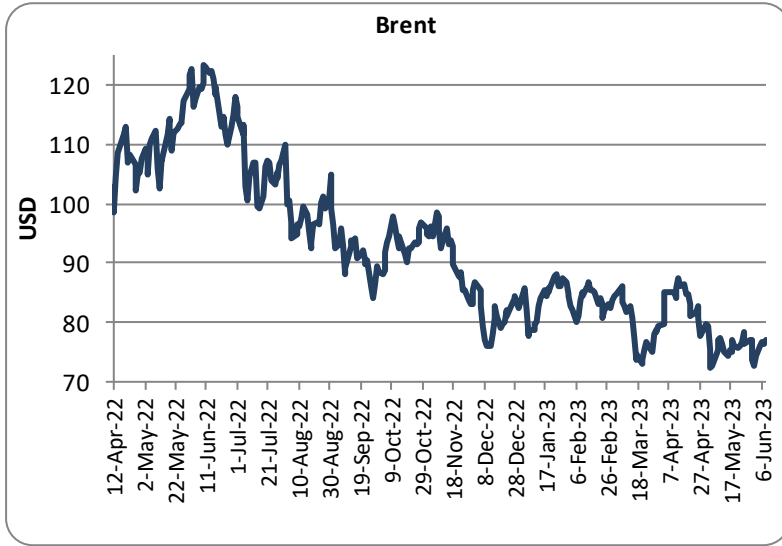
EQUITY			
FII	Gross Purchase	Gross Sales	Net Investment
8-Jun-23	9609	8165	1444

TOTAL (Rs. Crs)			
FII	Gross Purchase	Gross Sales	Net Investment
8-Jun-23	9986	8393	1593

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.

LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

The information in this document has been printed based on publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand, or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.

For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

Visit our website - <http://www.lkpsec.com/>