



# BONDWATCH

Daily

May 08, 2024

INDIA

Indian government bond yields ended little changed on Wednesday, as traders sought strong directional triggers ahead of the government's planned buyback of securities.

The benchmark 10-year yield ended at 7.1343%, following its previous close of 7.1284%.

The Reserve Bank of India will buy back bonds worth up to 400 billion rupees (\$4.79 billion) on Thursday, which will infuse liquidity in the banking system that has been in deficit over the last few weeks.

Bond yields have also traded with a declining bias over the last few days tracking U.S. peers after weaker-than-expected April nonfarm payrolls data on Friday raised bets of two rate cuts in 2024 by the Federal Reserve.

The 10-year U.S. yield has stayed below 4.50% this week, with traders pricing in 44 basis points of rate cuts in 2024, up from around 34 bps last week.

For the last few weeks, market participants are factoring in one rate cut this year amid persistently elevated inflation and stronger economic data.

Market participants will also keep an eye on activity from foreign investors, who have mostly stayed on the selling side since the start of this financial year, and inflation data from India and the United States due next week.

The Indian rupee weakened 0.02% versus the U.S. dollar and quoted at 83.52 per dollar as expectations that the Reserve Bank of India would likely intervene to cap a sharp weakness supported the local currency despite a decline in its Asian peers.

Repo: The weighted average call rates in the interbank segment increased to 6.54% vs 6.48% as on the previous day while that the TREP segment increased to 6.50% vs 6.39% as on the previous day.

## Market Observations

### G-sec

- T-bill cut off was in line with market expectation. Demand was seen in 3-month t-bill @6.99 levels. Major buyers were Mutual funds.
- Selling was seen in 13 to 15 year SDLs @7.47 centric levels by insurance companies.

### Corporate Bonds

- Major activity was seen in the 2025-2026 segment.
- Mutual funds and banks were active on the buying as well as selling side in the active segment.

### CP/CD

- Activity was seen in the 1 to 3-month segment.

GOI Yield	8-May	7-May	2-May	8-Apr
1 Year	7.075	7.040	7.070	7.020
5 Year	7.116	7.116	7.162	7.114
10 Year	7.134	7.128	7.160	7.150

AAA Bmk	8-May	7-May	2-May	8-Apr
1 Year	7.72	7.72	7.75	7.75
5 Year	7.71	7.71	7.73	7.65
10 Year	7.55	7.55	7.55	7.55

CD	8-May	7-May	2-May	8-Apr
3 Month	7.30	7.20	7.25	7.25
6 Month	7.50	7.45	7.45	7.45
1 Year	7.70	7.65	7.65	7.50

CP	8-May	7-May	2-May	8-Apr
3 Month	7.40	7.30	7.35	7.40
6 Month	7.60	7.55	7.55	7.55
1 Year	7.80	7.75	7.75	7.60

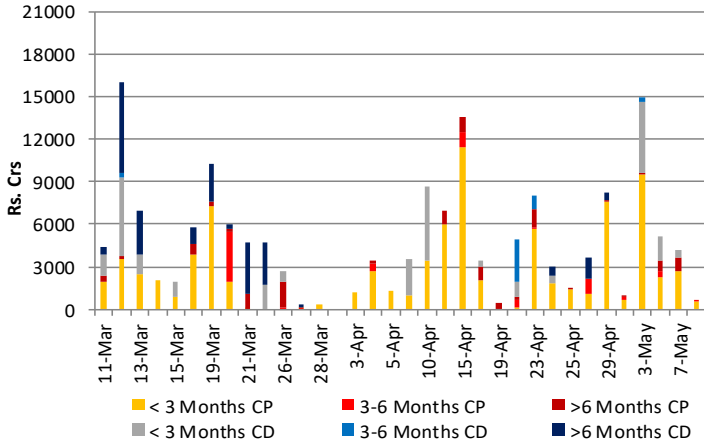
OIS Rate	8-May	7-May	2-May	8-Apr
1 Year	6.83	6.81	6.86	6.83
2 Year	6.58	6.55	6.61	6.56
3 Year	6.53	6.51	6.58	6.51
5 Year	6.51	6.47	6.55	6.48

	8-May	7-May	2-May	8-Apr
Sensex	73,466	73,512	74,611	74,743
Nifty	22,303	22,303	22,648	22,666
USD/INR	83.52	83.51	83.47	83.32
Gold (USD)	2,316	2,314	2,303	2,339
Oil (USD)	82.20	83.16	83.67	90.38

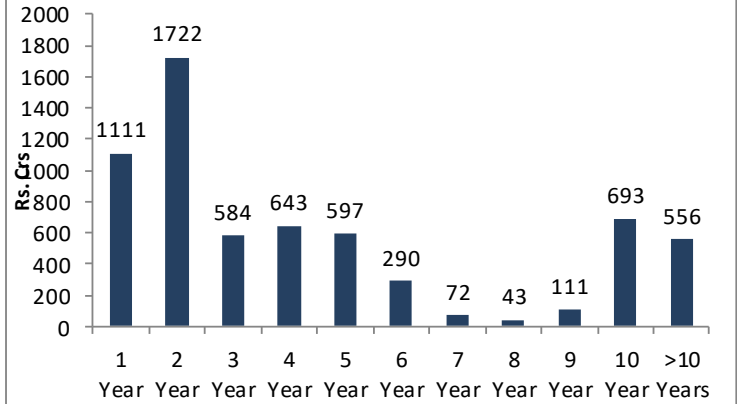
NDF	8-May	7-May	2-May	8-Apr
3 Month	83.78	83.63	83.65	83.39
1 Year	84.95	84.86	84.77	84.64
2 Year	87.06	86.96	86.77	86.72
3 Year	90.05	89.31	89.12	89.17



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	8-May	7-May	2-May	8-Apr
India	7.14	7.13	7.16	7.15
US	4.49	4.46	4.57	4.42
South Korea	3.53	3.53	3.64	3.49
Russia	14.68	14.64	14.53	14.25
Brazil	11.48	11.48	11.58	11.20
Germany	2.46	2.42	2.55	2.44
China	2.30	2.29	2.31	2.29

Top Traded Securities	Volume	23-Apr	22-Apr	16-Apr	22-Mar
7.26 2033	15	7.19	7.22	7.20	7.11
7.06 2028	330	7.18	7.19	7.18	7.11
7.62 2039	-	7.21	7.22	7.24	7.12
7.30 2053	1,025	7.26	7.28	7.28	7.16
6.64 2035	20	7.23	7.20	7.21	7.14
7.40 2035	10	7.22	7.16	7.21	7.14

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
7-May-24	11700	10774	927

EQUITY	Gross Purchase	Gross Sales	Net Investment
	8383	13318	-4936

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
20083	24092	-4009

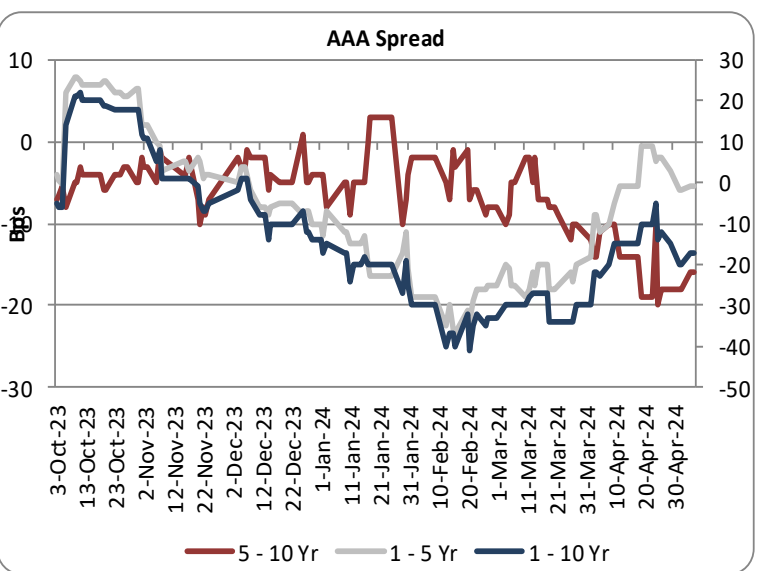
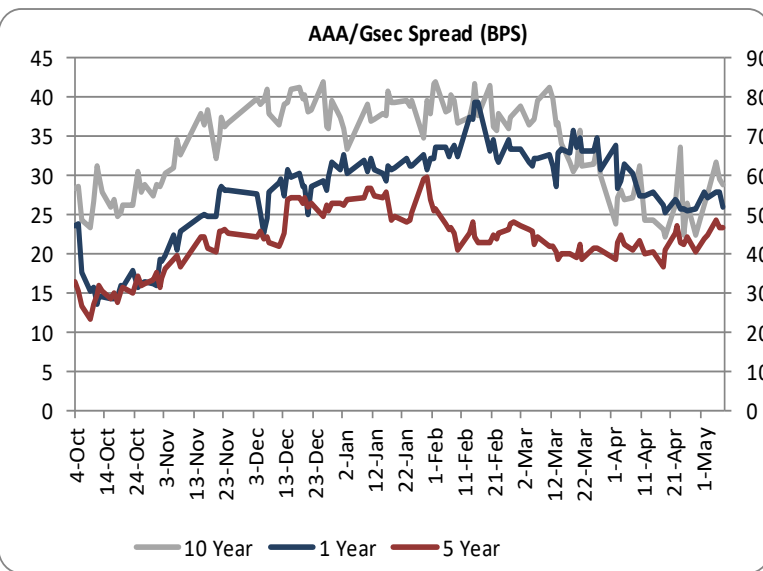
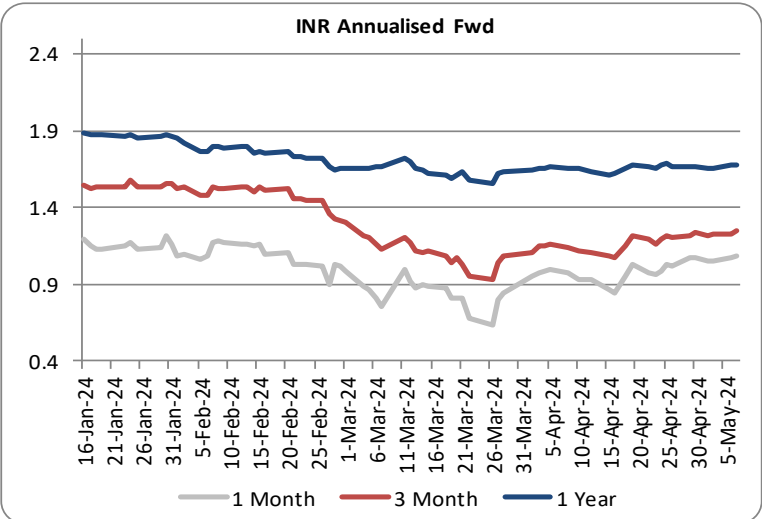
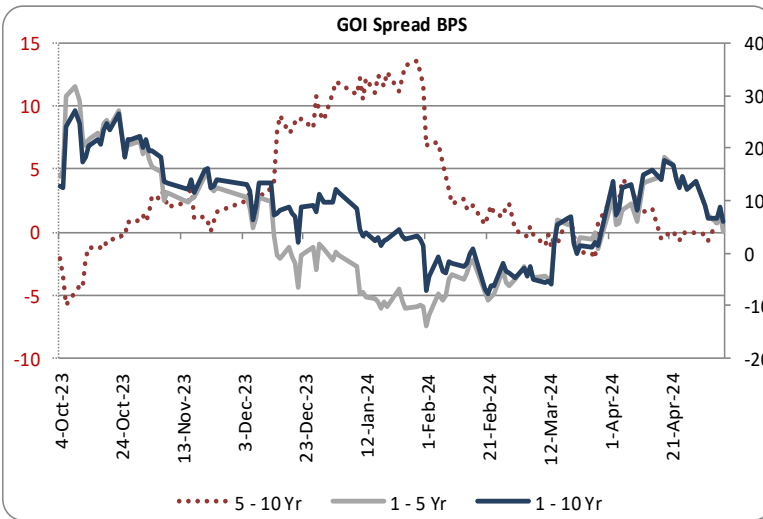
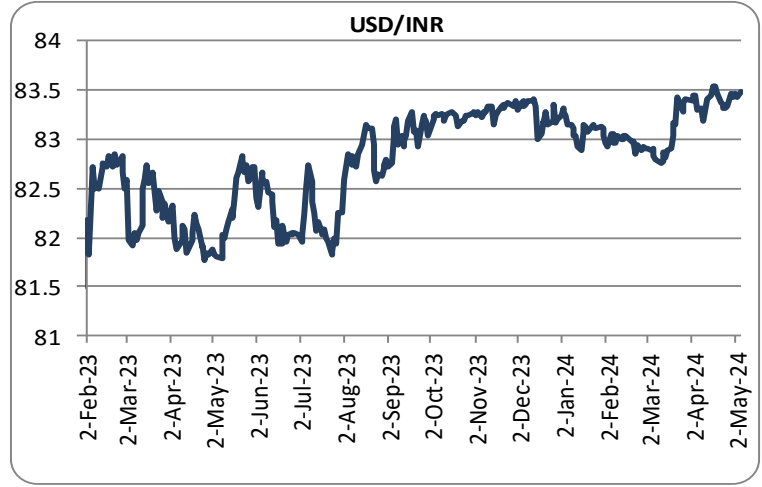
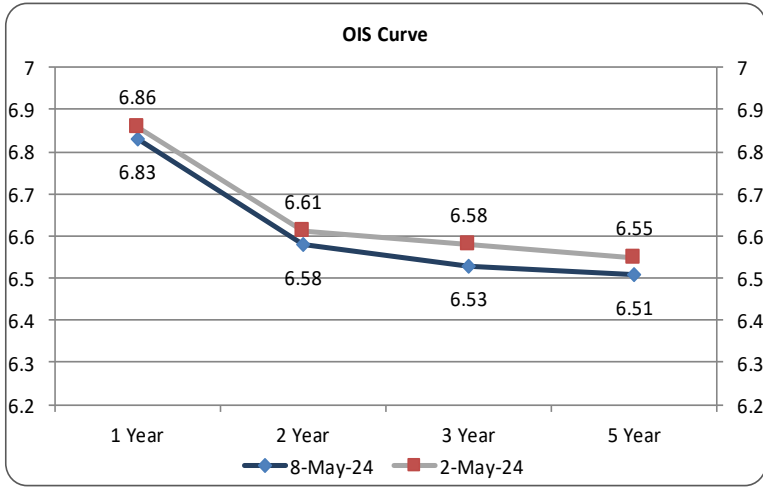
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
8-May-24	1887	2616	-728

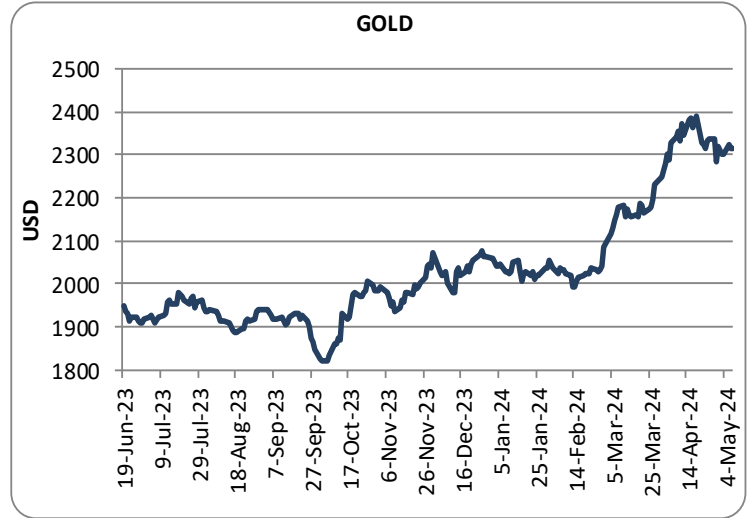
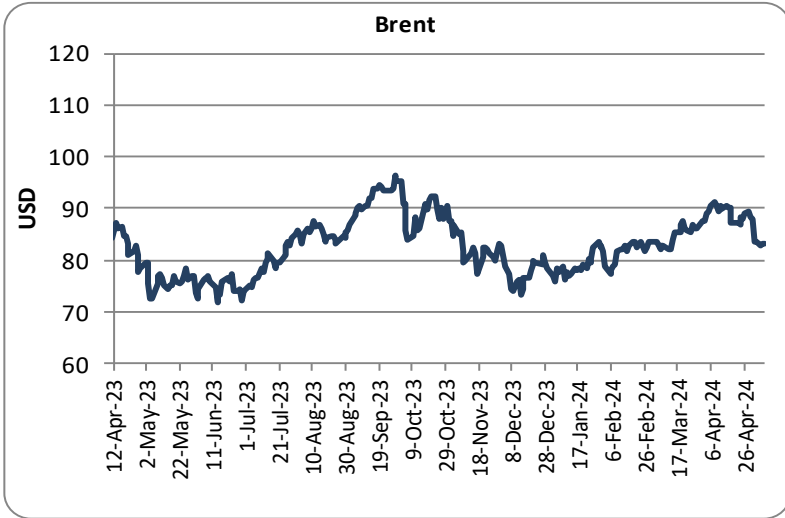
EQUITY	Gross Purchase	Gross Sales	Net Investment
	14222	17165	-2943

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
16110	19781	-3671

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-23	8.4	8.1
CAD (\$ Bn)	Dec-23	-10.5	-11.4
Trade Deficit (\$ Bn)	Dec-23	-71.6	-61.0
WPI (%)	Mar-24	0.5	0.2
CPI (%)	Mar-24	4.9	5.1
IIP (%)	Feb-24	5.7	4.1
PMI Manufacturing	Apr-24	58.8	59.1
PMI Service	Apr-24	60.8	61.2

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Euro Zone	3-May-24	6.5	6.5
Unemployment Rate	USA	03-May-24	3.80	3.80
RBA Cash Rate	Australia	07-May-24	4.35	4.35
Industrial Production	Germany	08-May-24	-	(4.76)
BOE Bank Rate	UK	09-May-24	5.25	5.25
GDP YY Q1	UK	10-May-24	-	(0.20)
Industrial Output	India	10-May-24	-	5.70
CPI	China	11-May-24	-	0.10





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

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