



Indian government bond yields ended marginally higher on Wednesday, a day before the Reserve Bank of India's (RBI) monetary policy decision, amid worries of a hawkish outlook from the governor.

The benchmark 7.26% 2033 bond yield ended at 7.1745%, after closing at 7.1643% in the previous session.

Even though the market does not anticipate a rate action from the central bank, it is expected that the RBI could adopt a more hawkish tone, owing to a recent rise in food prices and still-high inflation.

The central bank may look to tighten domestic rupee liquidity to quell inflationary pressures but will refrain from permanent cash withdrawal. Reducing surplus liquidity, which could fuel inflation, could be one way of signaling a tougher stance.

If the RBI actually takes steps to curtail liquidity, the benchmark bond yield could break the current trading zone and may even touch 7.35%-7.40% levels if U.S. yields rise further.

Inflation in Asia's third-largest economy snapped a four-month downward trend in June, climbing to 4.81%. Retail inflation likely accelerated to 6.40% in July on surging food prices.

Oil hit new peaks on Wednesday with Brent crude touching the highest since April as tighter supply owing to Saudi and Russian output cuts offset concerns over slow demand from China.

The Indian rupee strengthened 0.01% versus the U.S. dollar, and quoted at 82.8150 per dollar as traders awaited cues from two key events on Thursday - RBI's monetary policy decision and the consumer inflation print in the United States.

Repo: The weighted average call rates in the interbank segment increased to 6.39% 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

- T-bill Cut-off was in line with market expectations. 1-year cut-off was 1 bps higher than expected.

#### Corporate Bonds

- Market activity was muted as participants await the RBI monetary policy.  
- Mutual funds were seen selling short term papers.

#### CP/CD

- Activity was seen in the 3-month segment with mutual funds being buyers in the same.

GOI Yield	9-Aug	8-Aug	2-Aug	11-Jul
1 Year	6.945	6.870	6.923	6.860
5 Year	7.152	7.142	7.128	7.077
10 Year	7.175	7.164	7.152	7.094

AAA Bmk	9-Aug	8-Aug	2-Aug	11-Jul
1 Year	7.35	7.35	7.35	7.40
5 Year	7.60	7.60	7.60	7.59
10 Year	7.55	7.55	7.55	7.53

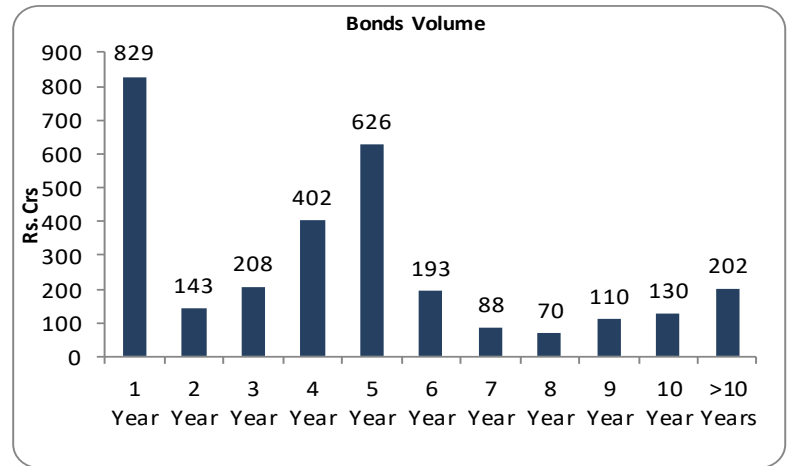
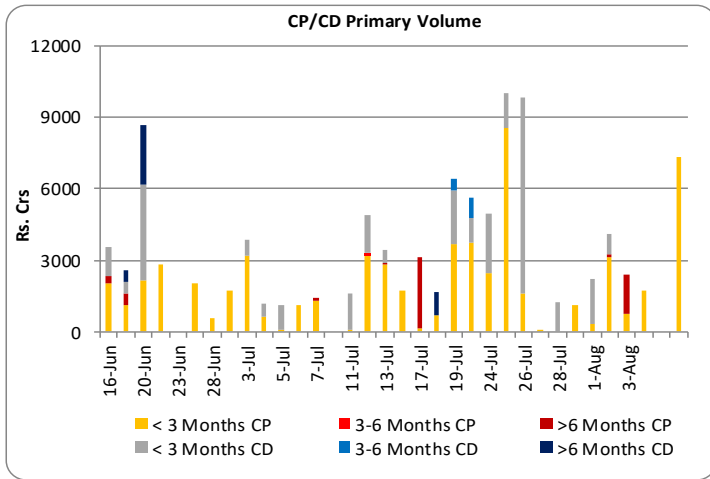
CD	9-Aug	8-Aug	2-Aug	11-Jul
3 Month	6.90	6.95	6.95	6.95
6 Month	7.20	7.20	7.20	7.20
1 Year	7.50	7.45	7.50	7.50

CP	9-Aug	8-Aug	2-Aug	11-Jul
3 Month	7.00	7.05	7.05	7.10
6 Month	7.30	7.30	7.30	7.30
1 Year	7.60	7.55	7.60	7.60

OIS Rate	9-Aug	8-Aug	2-Aug	11-Jul
1 Year	6.88	6.89	6.84	6.78
2 Year	6.61	6.65	6.57	6.49
3 Year	6.56	6.57	6.49	6.40
5 Year	6.51	6.55	6.46	6.37

	9-Aug	8-Aug	2-Aug	11-Jul
Sensex	65,996	65,847	65,783	65,618
Nifty	19,633	19,571	19,527	19,439
USD/INR	82.82	82.83	82.58	82.37
Gold (USD)	1,926	1,925	1,934	1,932
Oil (USD)	87.03	86.17	83.20	79.40

NDF	9-Aug	8-Aug	2-Aug	11-Jul
3 Month	83.11	83.18	82.95	82.66
1 Year	84.15	84.26	84.04	83.72
2 Year	86.50	86.41	86.08	85.84
3 Year	89.49	89.06	88.74	88.55



10 Year Benchmarks	9-Aug	8-Aug	2-Aug	11-Jul
India	7.18	7.17	7.15	7.10
US	4.03	4.02	4.08	3.98
South Korea	3.77	3.74	3.80	3.76
Russia	11.67	11.65	11.52	11.32
Brazil	10.77	10.77	10.73	10.66
Germany	2.47	2.44	2.51	2.65
China	2.65	2.65	2.70	2.68

Top Traded Securities	Volume	9-Aug	8-Aug	2-Aug	11-Jul
7.26 2033	14,240	7.18	7.17	7.15	7.10
7.06 2028	2,060	#N/A	7.32	7.30	7.24
7.62 2039	-	7.21	7.20	7.19	7.13
7.30 2053	245	#N/A	#N/A	7.25	7.19
6.64 2035	270	7.26	7.27	7.29	7.17
7.40 2035	360	#N/A	7.31	7.25	7.19

DEBT			
MF	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

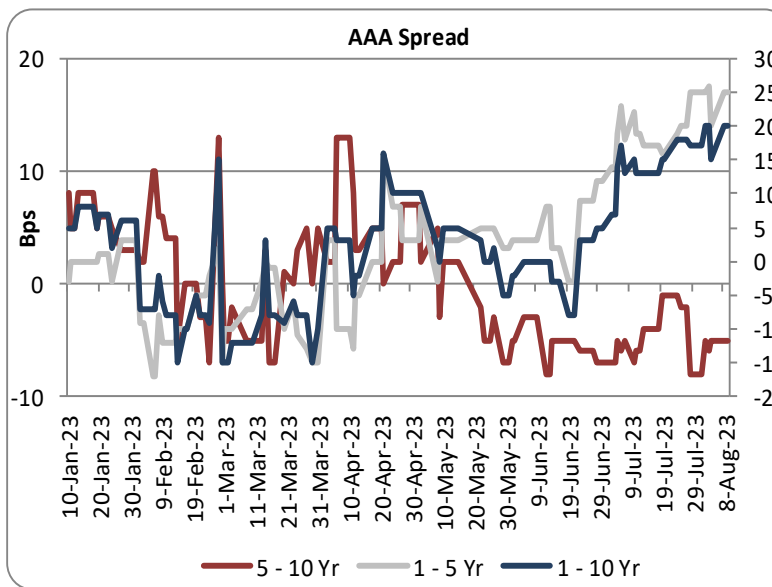
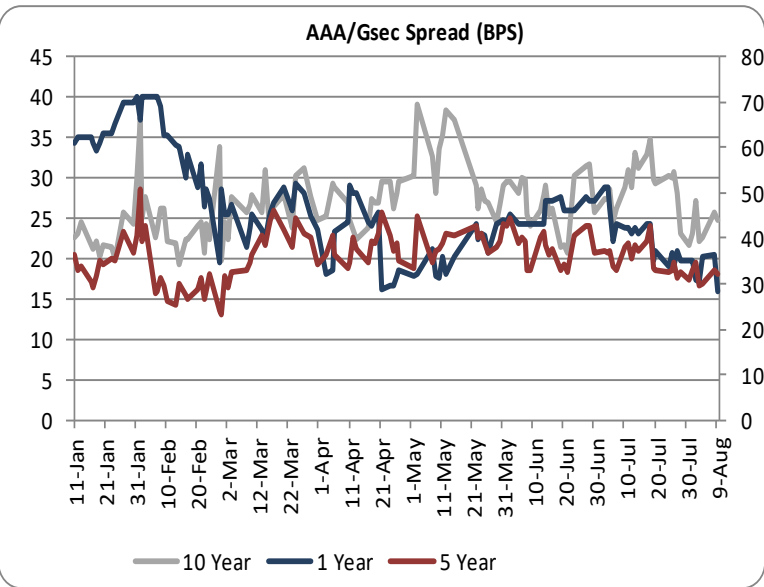
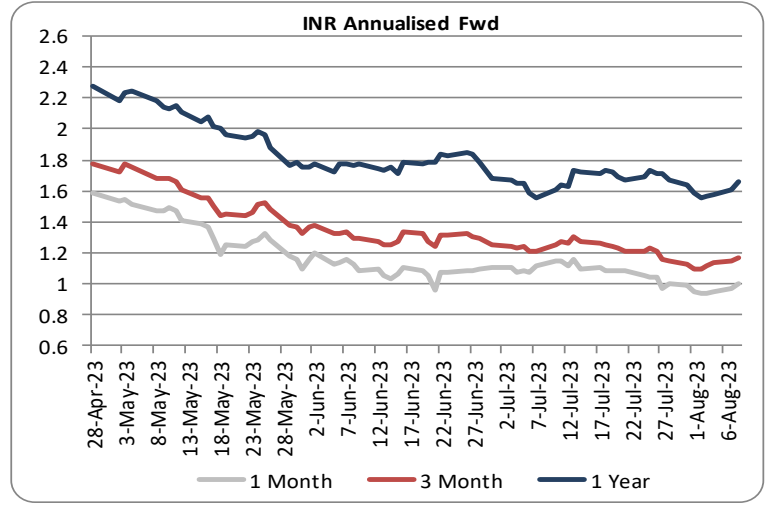
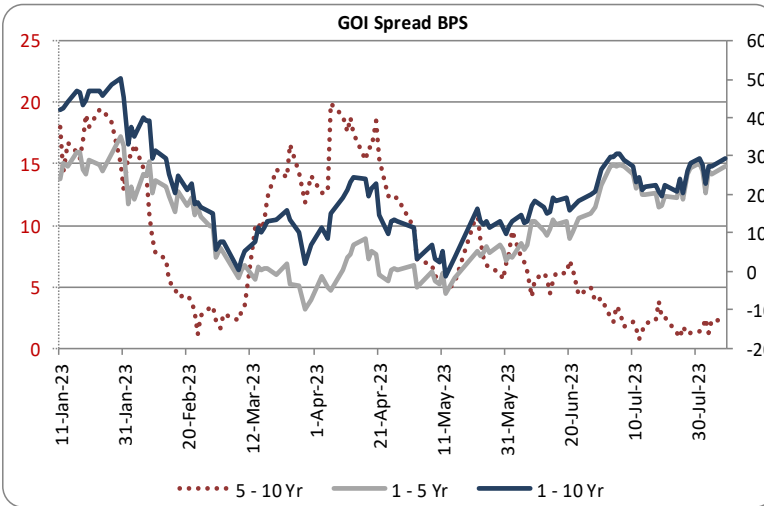
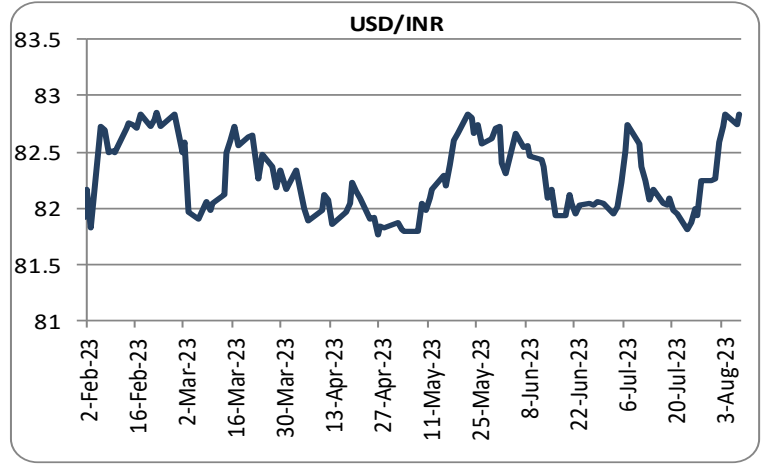
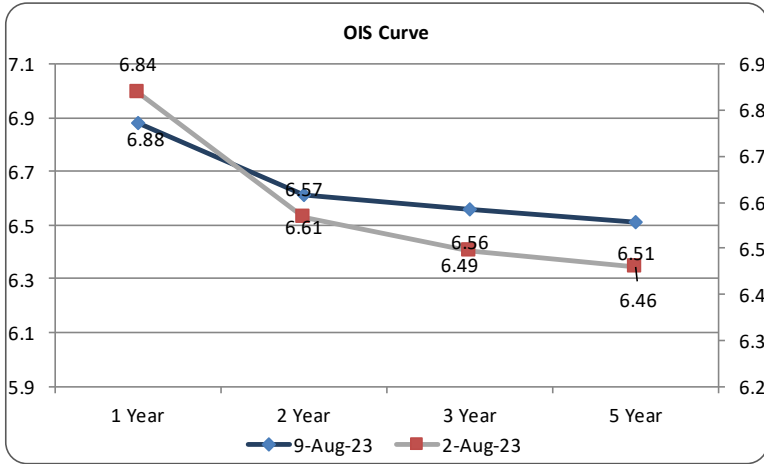
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
9-Aug-23	321	294	27

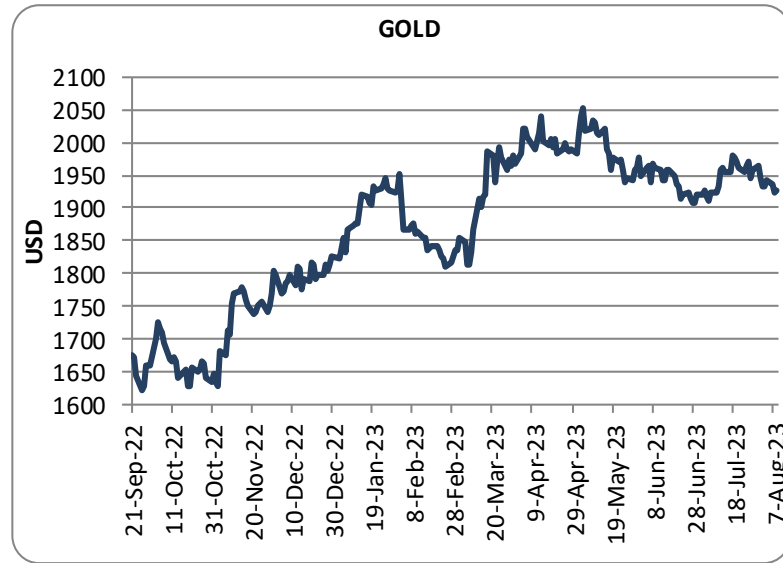
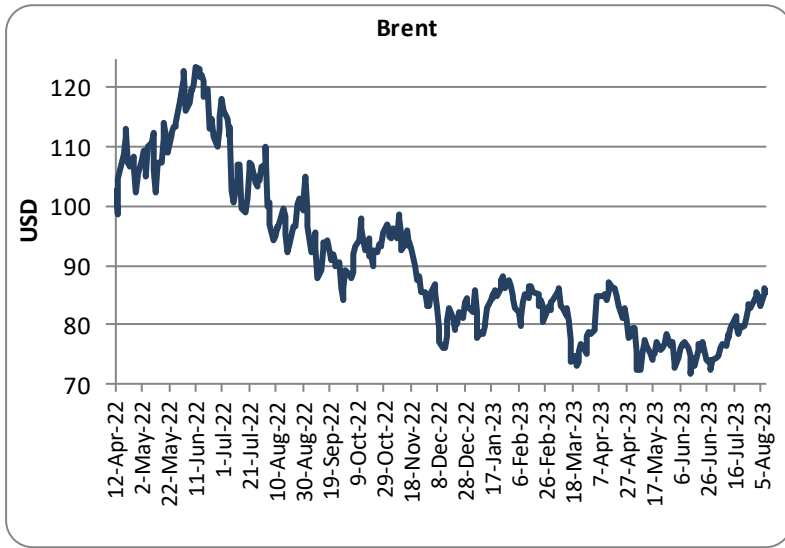
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	10757	10815	-58

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	11078	11109	-32

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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