



BONDWATCH

Daily

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INDIA

Indian government bond yields ended lower on Tuesday, on optimism following a proposal to include eligible domestic bonds on the Bloomberg Emerging Market Local Currency index.

The 10-year benchmark bond yield ended at 7.1884% after closing at 7.2016% in the previous session.

Bloomberg Index Services' proposal on Monday came a few months after JPMorgan said it would include India in its widely-tracked emerging market debt index from June.

There was a rise in foreign investment in Indian bonds in 2023 as JPMorgan's decision to add the debt to its indexes boosted inflows to a six-year high. This trend is expected to continue in 2024 as well.

Indian bond yields also fell on Tuesday as investors took comfort from the fall in U.S. bond yields after the Federal Reserve of New York's latest survey of consumer expectations showed that inflation projection fell to the lowest in nearly three years, supporting expectations of rate cuts.

Meanwhile, oil prices declined over 3% on Monday on sharp price cuts by top exporter Saudi Arabia and a rise in OPEC output that offset supply concerns generated by escalating geopolitical tension in the Middle East.

Traders now await U.S. inflation data, due this week, for an indication of when the Federal Reserve might start cutting interest rates. Market participants see a 62% chance the Fed could begin easing rates as early as March, compared with a nearly 90% chance a week ago.

The Indian rupee strengthened 0.02% versus the U.S. dollar, and quoted at 83.1150 per dollar after dollar demand from state-run banks ate into the local unit's early gains in light of a proposal to include eligible Indian bonds in the Bloomberg Emerging Market Local Currency Index.

Repo: The weighted average call rates in the interbank segment decreased to 6.74% vs 6.77% as on the previous day while that the TREP segment remained the same at 6.76% vs 6.76% as on the previous day.

Market Observations

G-sec

- SDL cut off was in line with market expectations.
- Demand was seen in 2-year G-sec @7.05 centric levels.

Corporate Bonds

- Mutual funds were actively buying and selling up to the 3-year segment.
- Insurance companies and pension funds were active in the 10-year segment.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	9-Jan	3-Jan	3-Jan	12-Dec
1 Year	7.105	7.100	7.100	7.140
5 Year	7.079	7.097	7.097	7.239
10 Year	7.188	7.216	7.216	7.275

AAA Bmk	9-Jan	3-Jan	3-Jan	12-Dec
1 Year	7.87	7.83	7.83	7.86
5 Year	7.75	7.76	7.76	7.80
10 Year	7.70	7.68	7.68	7.78

CD	9-Jan	3-Jan	3-Jan	12-Dec
3 Month	7.55	7.60	7.60	7.45
6 Month	7.70	7.70	7.70	7.75
1 Year	7.90	7.90	7.90	7.90

CP	9-Jan	3-Jan	3-Jan	12-Dec
3 Month	7.80	7.70	7.70	7.65
6 Month	7.85	7.80	7.80	8.00
1 Year	8.00	8.00	8.00	8.05

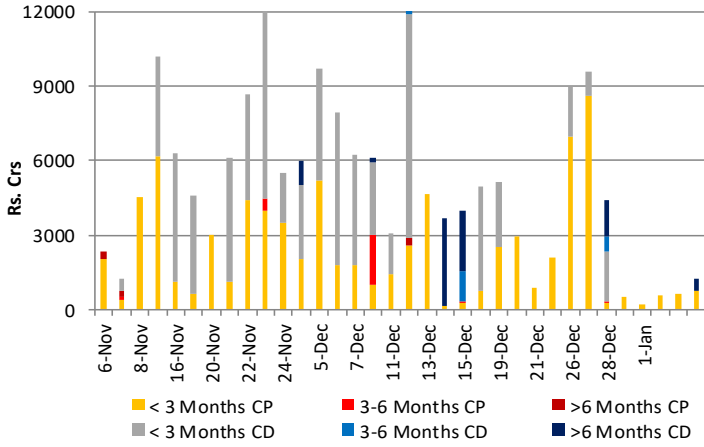
OIS Rate	9-Jan	3-Jan	3-Jan	12-Dec
1 Year	6.65	6.66	6.66	6.87
2 Year	6.33	6.33	6.33	6.57
3 Year	6.27	6.30	6.30	6.51
5 Year	6.23	6.25	6.25	6.48

	9-Jan	3-Jan	3-Jan	12-Dec
Sensex	71,386	71,357	71,357	69,551
Nifty	21,545	21,517	21,517	20,906
USD/INR	83.12	83.28	83.28	83.39
Gold (USD)	2,034	2,041	2,041	1,979
Oil (USD)	77.55	78.25	78.25	73.24

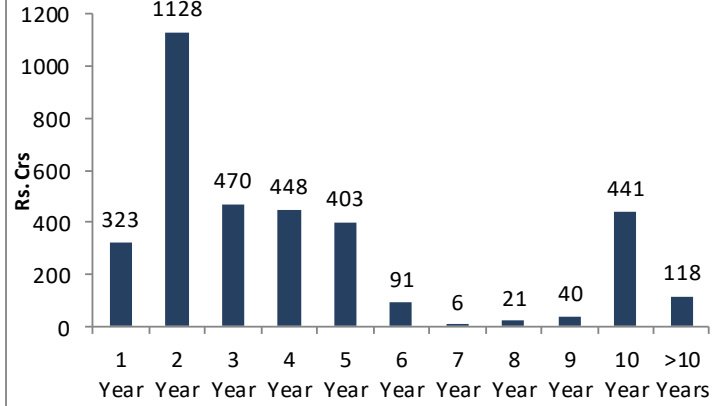
NDF	9-Jan	3-Jan	3-Jan	12-Dec
3 Month	83.33	83.61	83.61	83.62
1 Year	84.61	84.76	84.76	84.81
2 Year	87.23	87.30	87.30	87.09
3 Year	90.26	90.30	90.30	89.89



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	9-Jan	3-Jan	3-Jan	12-Dec
India	7.19	7.22	7.22	7.28
US	4.05	3.91	3.91	4.21
South Korea	3.32	3.34	3.34	3.53
Russia	12.50	12.34	12.34	12.63
Brazil	10.69	10.47	10.47	10.91
Germany	2.19	2.02	2.02	2.23
China	2.54	2.58	2.58	2.66

Top Traded Securities	Volume	20-Dec	19-Dec	13-Dec	21-Nov
7.26 2033	595	7.21	7.21	7.31	7.32
7.06 2028	370	7.34	7.34	7.41	7.39
7.62 2039	-	7.22	7.21	7.31	7.34
7.30 2053	835	7.25	7.25	#N/A	#N/A
6.64 2035	10	7.31	7.29	7.36	7.37
7.40 2035	90	7.27	7.25	7.35	7.37

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
3-Jan-24	7623	10508	-2885

EQUITY		
Gross Purchase	Gross Sales	Net Investment
7998	8859	-861

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
15621	19368	-3747

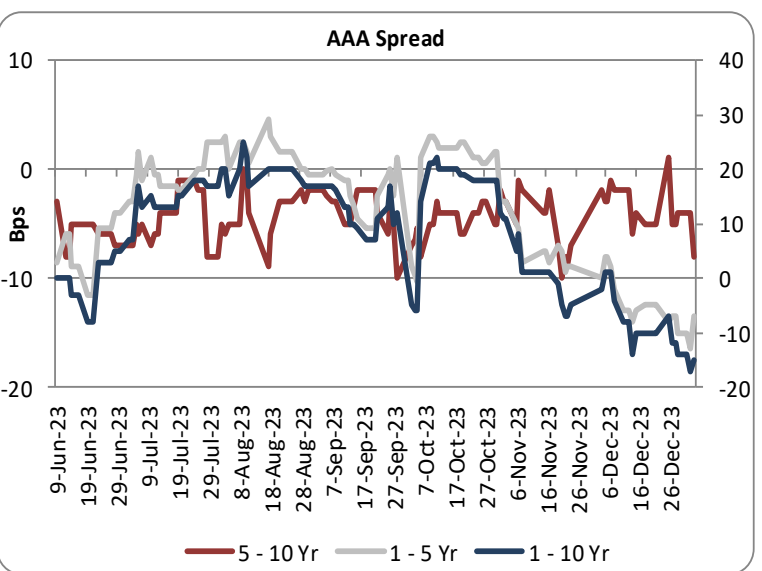
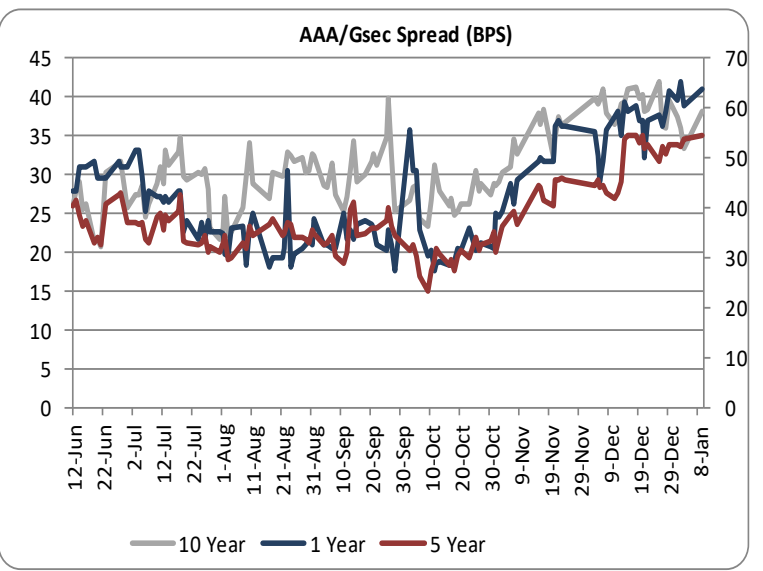
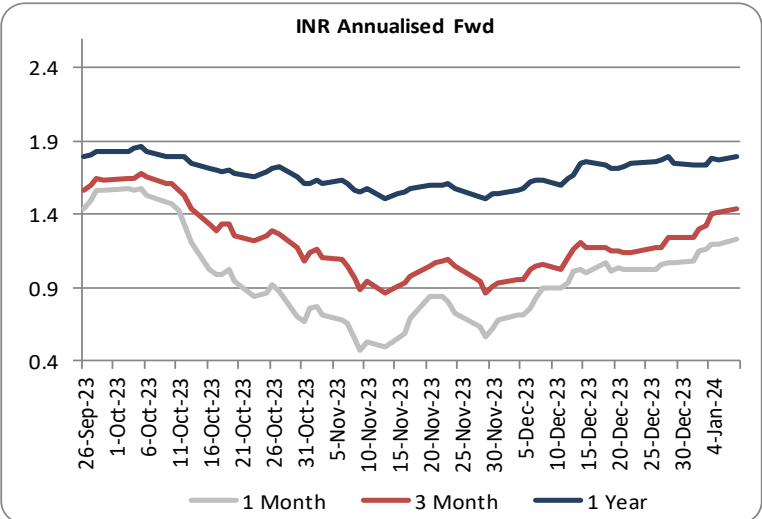
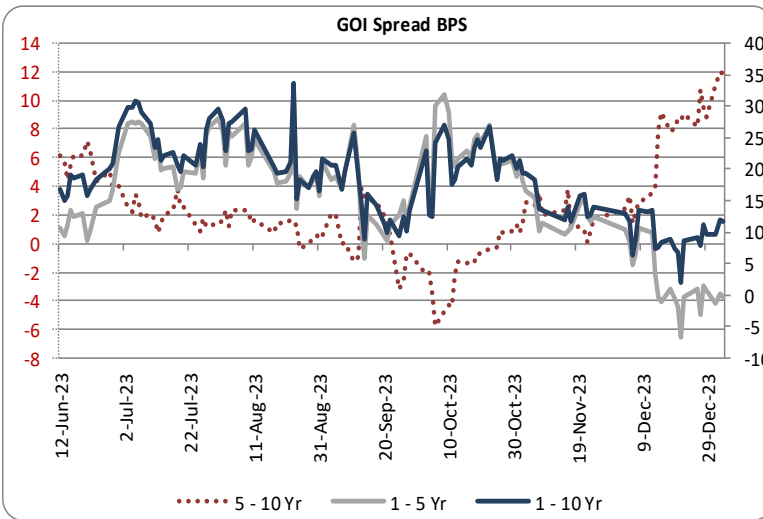
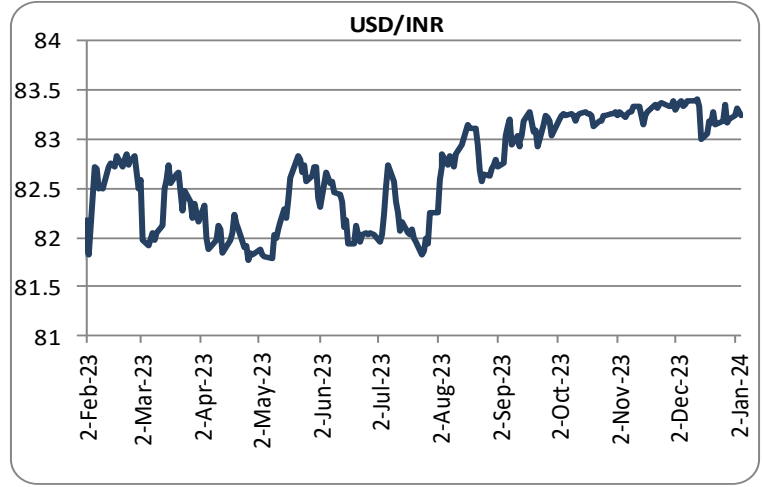
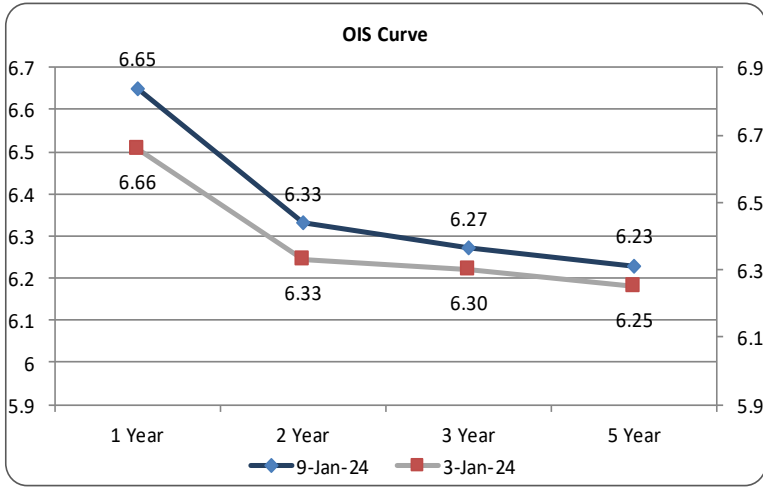
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
9-Jan-24	756	658	97

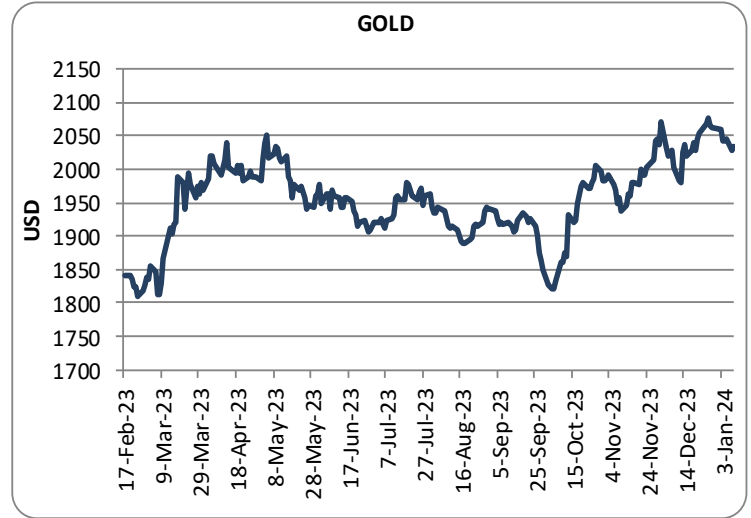
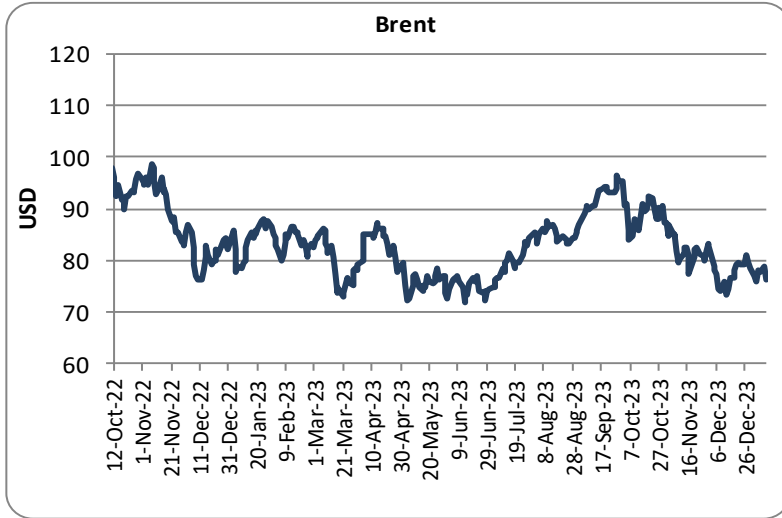
EQUITY		
Gross Purchase	Gross Sales	Net Investment
10336	10051	285

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
11092	10710	382

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Sep-23	-8.3	-9.2
Trade Deficit (\$ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Nov-23	0.3	-0.5
CPI (%)	Nov-23	5.6	4.9
IIP (%)	Oct-23	11.7	6.2
PMI Manufacturing	Dec-23	54.9	56
PMI Service	Dec-23	59	56.9

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Russia	27-Dec-23	2.9	2.9
Industrial Output	Japan	28-Dec-23	3.00	1.10
Retail Sales	Japan	28-Dec-23	5.00	4.20
CPI	Japan	29-Dec-23	3.26	3.30
CPI	Germany	04-Jan-24	3.70	3.20
Industrial Output	Brazil	05-Jan-24	0.20	1.20
Unemployment Rate	USA	05-Jan-24	3.80	3.70
Unemployment Rate	Canada	05-Jan-24	5.90	5.80





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

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