



BONDWATCH

Daily

INDIA

March 09, 2023

The 10-year benchmark 7.26% 2032 bond yield ended at 7.4449%, after closing higher at 7.4547% on Wednesday.

U.S. Treasury yields have been elevated after data showed the labour market remained tight and Federal Reserve Chair Jerome Powell set the stage for higher and faster interest rate hikes. The inversion between the two-year yield, a closer indicator of rate expectations, and the 10-year yield stayed above 100 basis points (bps).

After Powell's comments on Tuesday, Fed funds futures have priced in a more-than-68% chance of a 50 bps rate hike, potentially as soon as the next policy announcement on March 22.

The Fed has raised rates by 450 bps over the last year and the market has fully factored in an additional 100 bps increase over the coming months.

The Fed's continued hikes could force the Reserve Bank of India, which has raised rates by 250 bps this financial year, to follow suit.

But the uncertainty over rate hikes, along with bets of tightening liquidity deficit led to the 364-day treasury bill yield rising above the 10-year yield on Wednesday.

The Indian rupee strengthened 0.10% versus the U.S. dollar, and quoted at 81.9750 per dollar with traders citing inflows, but the Reserve Bank of India's likely intervention capped further gains.

Repo: The weighted average call rates in the interbank segment remained unchanged at 6.35% as on the previous day while that the TREP segment remained unchanged at 6.31% as on the previous day.

Market Observations

G-sec

- Indian government bond yields ended largely unchanged in a thin volume trading session on Thursday, as market participants await crucial U.S. data after the recent spike in Treasury yields.

Corporate Bonds

- The market was dull overall.
 - The 3-5yr segment was concentrated by MFs who were selling 2025 PSU bonds and buying Jan Feb March 2026 papers
 - A few life insurance companies were deploying funds in the 2023 segment due to higher yields and as they were sitting on surplus funds.

CP/CD

- Demand seen in 1 month to 1 year segment.

GOI Yield	9-Mar	8-Mar	2-Mar	9-Feb
1 Year	7.410	7.450	7.360	7.050
5 Year	7.414	7.432	7.423	7.254
10 Year	7.444	7.455	7.439	7.343

AAA Bmk	9-Mar	8-Mar	2-Mar	9-Feb
1 Year	7.97	7.97	7.95	7.80
5 Year	7.90	7.90	7.85	7.68
10 Year	7.85	7.85	7.80	7.74

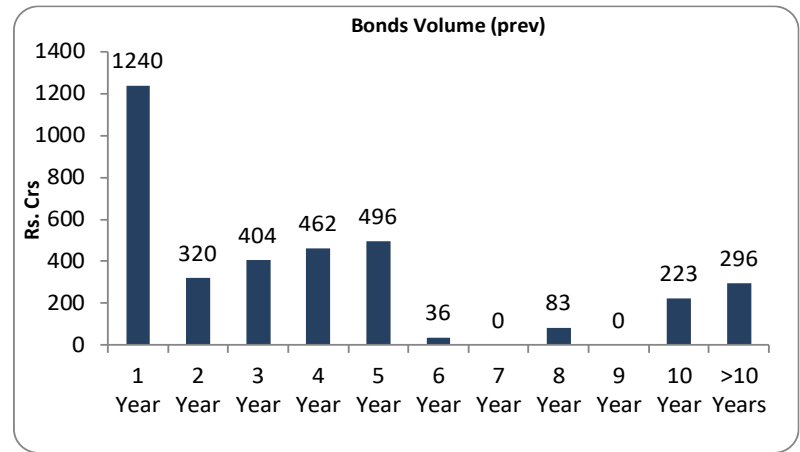
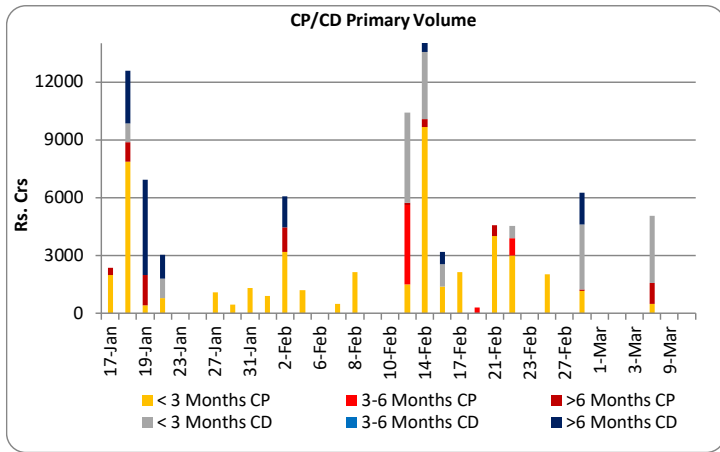
CD	9-Mar	8-Mar	2-Mar	9-Feb
3 Month	7.70	7.70	7.60	7.25
6 Month	7.80	7.80	7.75	7.60
1 Year	7.93	7.93	7.90	7.80

CP	9-Mar	8-Mar	2-Mar	9-Feb
3 Month	8.00	8.00	7.85	7.35
6 Month	8.20	8.20	7.90	7.70
1 Year	8.30	8.30	8.10	7.82

OIS Rate	9-Mar	8-Mar	2-Mar	9-Feb
1 Year	7.12	7.12	7.06	6.83
2 Year	6.81	6.82	6.78	6.46
3 Year	6.69	6.71	6.69	6.35
5 Year	6.69	6.70	6.69	6.36

	9-Mar	8-Mar	2-Mar	9-Feb
Sensex	59,806	60,348	58,909	60,806
Nifty	17,590	17,754	17,322	17,893
USD/INR	81.98	82.06	82.59	82.51
Gold (USD)	1,819	1,814	1,836	1,861
Oil (USD)	82.79	82.66	84.75	84.50

NDF	9-Mar	8-Mar	2-Mar	9-Feb
3 Month	82.51	82.44	82.87	83.05
1 Year	83.75	83.70	84.16	84.35
2 Year	85.63	85.50	86.02	86.26
3 Year	89.04	88.49	88.63	88.76



10 Year Benchmarks	9-Mar	8-Mar	2-Mar	9-Feb
India	7.45	7.46	7.43	7.34
US	3.98	3.98	4.07	3.68
South Korea	3.74	3.72	3.84	3.36
Russia	10.91	10.97	11.00	10.79
Brazil	13.39	13.39	13.62	13.43
Germany	2.67	2.65	2.75	2.31
China	2.89	2.90	2.93	2.90

Top Traded Securities	Volume	9-Mar	8-Mar	2-Mar	9-Feb
5.74 2026	240	7.41	7.43	7.40	7.23
7.38 2027	-	7.41	7.44	7.42	7.25
7.10 2029	-	7.43	7.46	7.43	7.33
6.54 2032	50	7.46	7.47	7.44	7.35
7.26 2032	-	7.44	7.45	7.44	7.34
7.54 2036	-	7.51	7.51	7.48	7.43

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
1-Mar-23	4042	3603	439

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6135	6979	-844

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10177	10582	-405

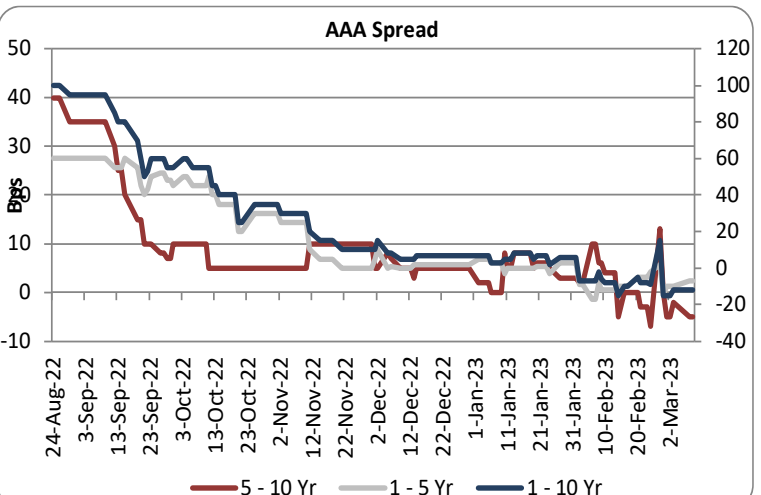
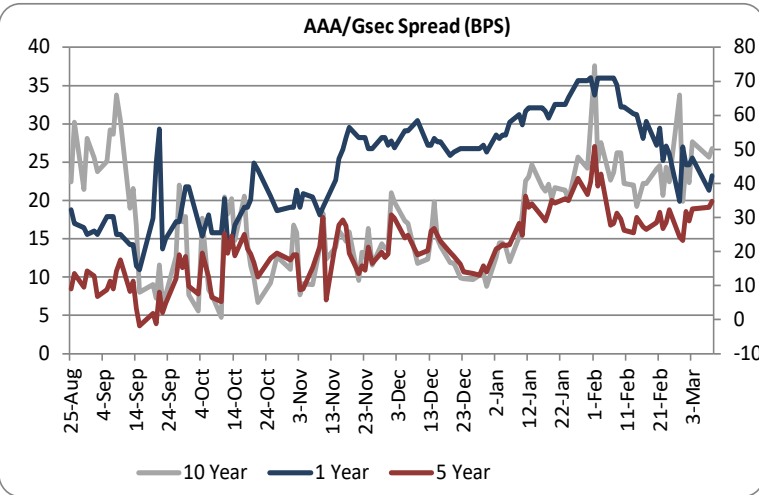
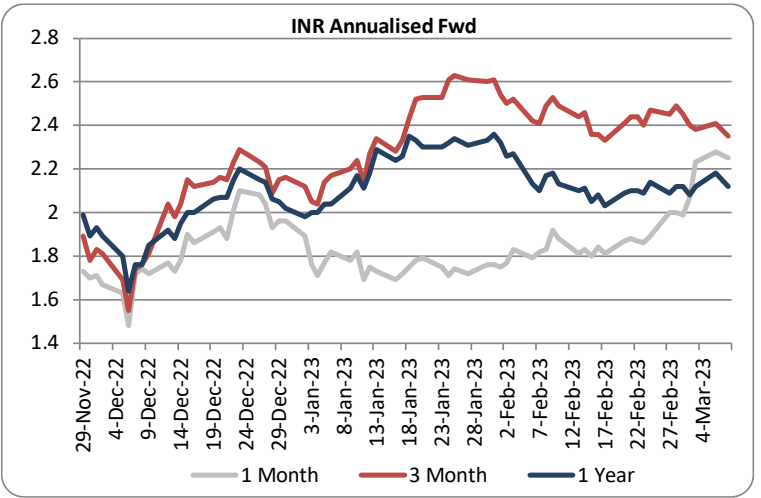
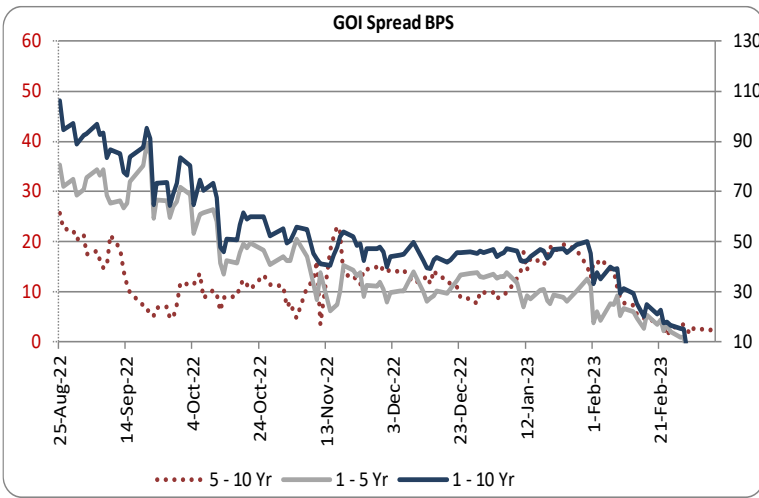
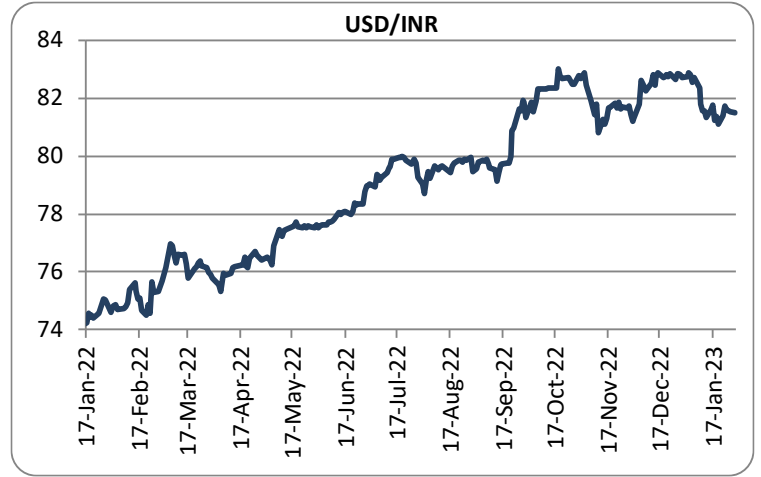
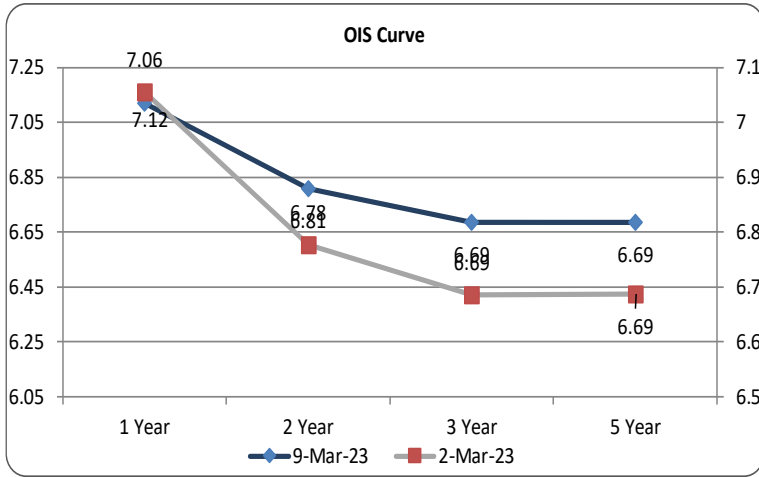
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
9-Mar-23	424	1672	-1249

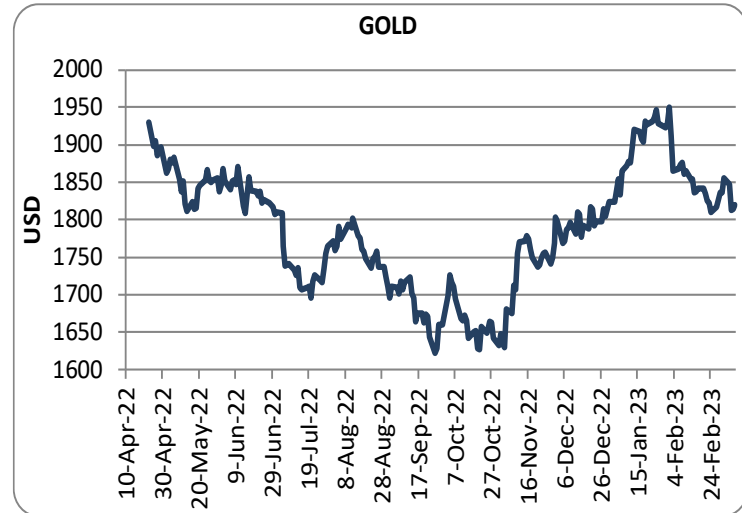
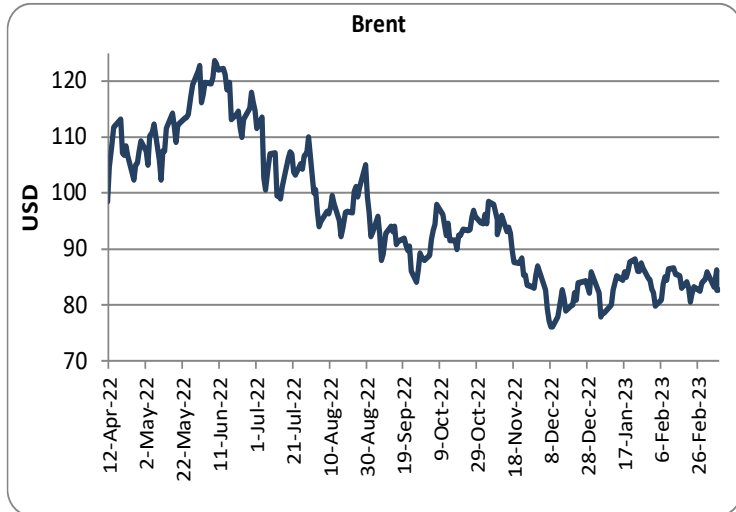
EQUITY		
Gross Purchase	Gross Sales	Net Investment
11521	7570	3951

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
11944	9242	2702

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Feb-23	55.3	55.4
PMI Service	Feb-23	59.4	57.2

Economic Calender	Country	Date	Poll	Prior
Industrial Output	South Korea	02-Mar-23	(8.90)	(7.30)
Unemployment Rate	Euro Zone	02-Mar-23	6.60	6.60
GDP	Brazil	02-Mar-23	2.20	3.60
Unemployment Rate	Japan	03-Mar-23	2.50	2.50
Exports	China	07-Mar-23	-	(9.90)
GDP	South Africa	07-Mar-23	-	4.10
CPI	China	09-Mar-23	-	2.10
Industrial Output	UK	10-Mar-23	-	(4.00)





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

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