



INDIA

- ❖ The benchmark 6.10% bond maturing in 2031 ended at 96.58 rupees, yielding 6.59%, the highest since Jan. 31, 2020, compared with 96.91 rupees, and a yield of 6.54% on Friday.
- ❖ The 10-year U.S. Treasury yield surged to 1.8% last week, its highest since January 2020, following a mixed jobs report amid concerns around aggressive policy normalisation by the Federal Reserve. The yield was last at 1.7851%.
- ❖ The rise in non-farm payrolls in the world's largest economy was lower than expected in December, while the unemployment rate dropped to 3.9% last month, from 4.2% in November, underscoring a tighter labour market. Average hourly earnings rose 0.6% in December, up from 0.4%.
- ❖ Asia's third largest economy is seeing a rapid rise in coronavirus cases, with the total active case in the country rising to the highest in nearly nine months. Many states have imposed restrictions to curb spread of the deadly virus.
- ❖ India's retail inflation print for December is due on Wednesday. A Reuters poll expects inflation to have risen to 5.80% last month, against 4.9% in November. The central bank aims to keep inflation within a 2%-6% band.
- ❖ Meanwhile, the Govt. is scheduled to sell 240 billion rupees of debt this week, details of which are expected today. The central bank has resorted to devolvement and partial cancellation in the last three consecutive auctions amid rising yields.
- ❖ Meanwhile, the benchmark Brent crude futures rose 0.4% to \$82.10 a barrel, after gaining over 5% last week.
- ❖ The Indian rupee ended at a two-month high against the U.S. currency, rising for a second consecutive session, tracking broad advances in regional peers and strong local equities. Likely absence of the Reserve Bank of India in the spot market also led to some trimming of dollar long positions. The rupee was quoted at 74.04 to a dollar at 3:30 p.m. in Mumbai, its highest since Nov. 8 and up from 74.31 in the previous session.
- ❖ Repo: The weighted average call rates in the interbank segment increased to 3.31% vs 3.26% as on day before yesterday, while that in the TREP segment increased to 3.40% vs 3.36% as on day before yesterday.

Market Observations

G-sec

- Bond yields rose for the third straight session, with the 10-year yield ending at its highest level in two years, amid cautiousness following a further uptick in U.S. Treasury yields.-5.74% GOI 2026 devolved on PDS's.
- Mutual funds seen buying short maturity Gsec.

Corporate Bonds

- Demand was seen across the yield curve.

CP

- The 2.5-3 month segment was most active in NBFC as well as Manufacturing papers.

CD

- 1- 3 month maturity papers were in demand.

GOI Yield	10-Jan	7-Jan	6-Dec	13-Dec
1 Year	4.330	4.320	4.130	4.140
5 Year	6.032	5.907	5.690	5.688
10 Year	6.590	6.542	6.359	6.371

AAA Bmk	10-Jan	7-Jan	6-Dec	13-Dec
1 Year	4.80	4.80	4.50	4.45
5 Year	6.28	6.28	6.00	5.98
10 Year	7.00	7.00	6.83	6.80

CD	10-Jan	7-Jan	6-Dec	13-Dec
3 Month	3.80	3.85	3.65	3.65
6 Month	4.00	4.30	3.95	3.95
1 Year	4.60	4.60	4.40	4.40

CP	10-Jan	7-Jan	6-Dec	13-Dec
3 Month	4.10	4.05	4.00	4.00
6 Month	4.70	4.60	4.55	4.65
1 Year	5.10	5.00	4.85	4.80

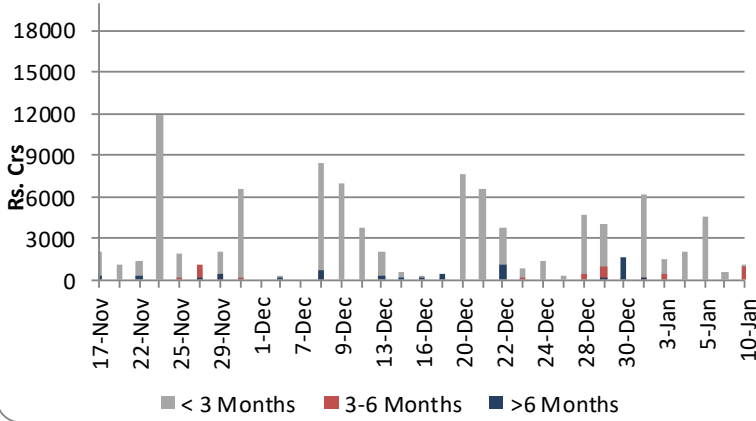
OIS Rate	10-Jan	7-Jan	6-Dec	13-Dec
1 Year	4.39	4.37	4.25	4.29
2 Year	4.93	4.90	4.75	4.80
3 Year	5.26	5.23	5.03	5.07
5 Year	5.62	5.58	5.30	5.38

	10-Jan	7-Jan	6-Dec	13-Dec
Sensex	60,396	59,745	56,747	58,283
Nifty	18,003	17,813	16,912	17,368
USD/INR	74.04	74.31	75.42	75.77
Gold (USD)	1,800	1,796	1,778	1,787
Oil (USD)	81.66	81.75	73.08	74.39

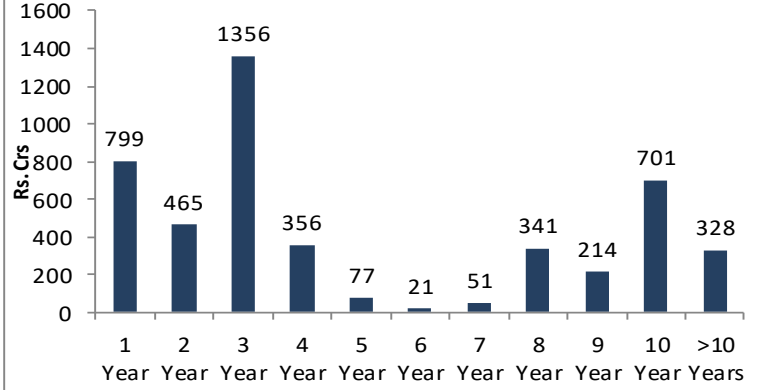
NDF	10-Jan	7-Jan	6-Dec	13-Dec
3 Month	74.91	75.13	76.08	76.38
1 Year	77.47	77.66	78.89	79.29
2 Year	81.06	81.25	82.54	82.72
3 Year	84.81	84.92	86.36	86.68



CP Primary Volume



Bonds Volume



10 Year Benchmarks	10-Jan	7-Jan	6-Dec	13-Dec
India	6.59	6.54	6.36	6.37
US	1.77	1.77	1.43	1.41
South Korea	2.48	2.46	2.21	2.17
Russia	8.50	8.44	8.52	8.57
Brazil	11.06	11.06	11.07	10.59
Germany	-0.05	-0.03	-0.39	-0.38
China	2.81	2.82	2.83	2.86

Top Traded Securities	Volume	10-Jan	7-Jan	6-Dec	13-Dec
5.15 GOI 2025	1,360	5.81	5.78	5.46	5.47
5.63 GOI 2026	255	5.95	5.91	5.69	5.69
5.74 GOI 2026	4,955	6.03	5.99	5.71	5.72
6.10 GOI 2031	90	6.59	6.54	6.36	6.37
6.64 GOI 2035	-	7.05	7.02	6.77	6.79
6.67 GOI 2035	-	7.06	7.02	6.75	6.77

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
5-Jan-22	4507	3369	1138

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	5343	4174	1169

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9850	7543	2306

DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
10-Jan-22	243	234	9

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	8170	7678	493

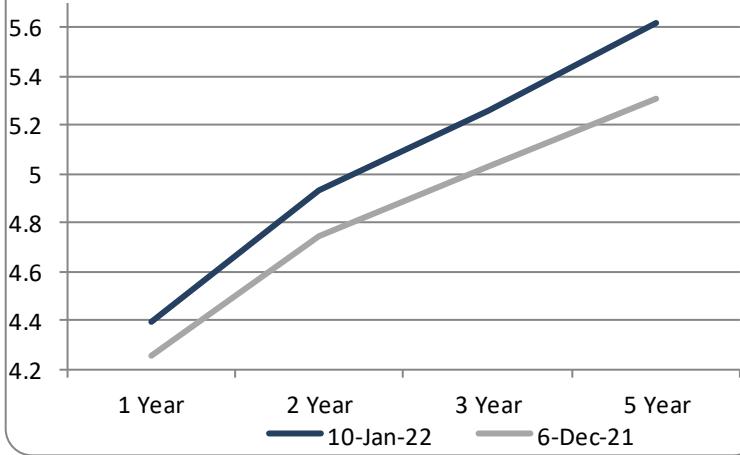
TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	8413	7912	502

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-21	8.4	20.1
CAD (\$ Bn)	Sep-21	-9.6	6.6
Trade Deficit (\$ Bn)	Sep-21	-44.4	-30.7
WPI (%)	Nov-21	14.2	12.5
CPI (%)	Nov-21	4.9	4.5
IIP (%)	Oct-21	3.2	3.3
PMI Manufacturing	Dec-21	55.5	57.6
PMI Service	Dec-21	55.5	58.1

Economic Calender	Country	Date	Poll	Prior
CPI	China	12-Jan-22	1.80	2.30
CPI	Czech Republic	12-Jan-22	-	6.00
CPI	India	12-Jan-22	5.80	4.91
Industrial Output	India	12-Jan-22	3.00	3.20
CPI	Russia	12-Jan-22	8.20	8.40
Imports	China	14-Jan-22	26.30	31.70
Industrial Output	UK	14-Jan-22	0.50	1.40
Retail Sales	Brazil	14-Jan-22	(6.50)	(7.10)



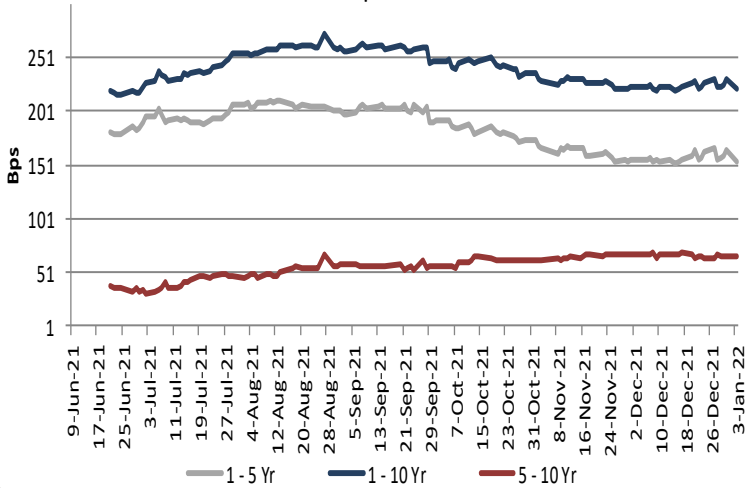
OIS Curve



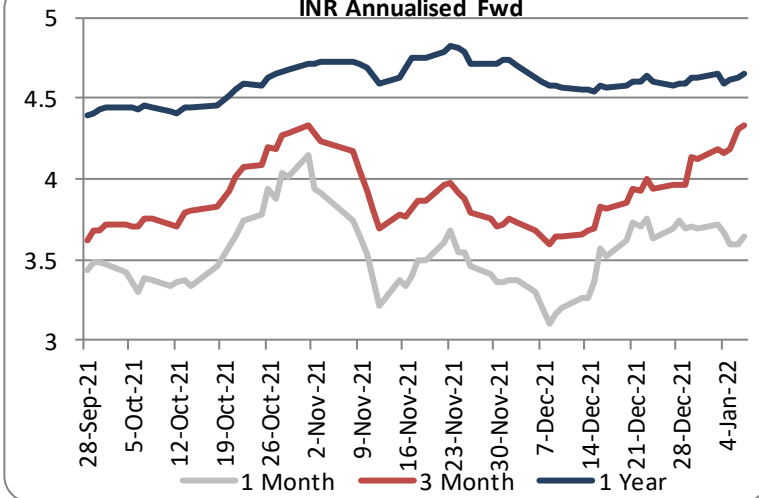
USD/INR



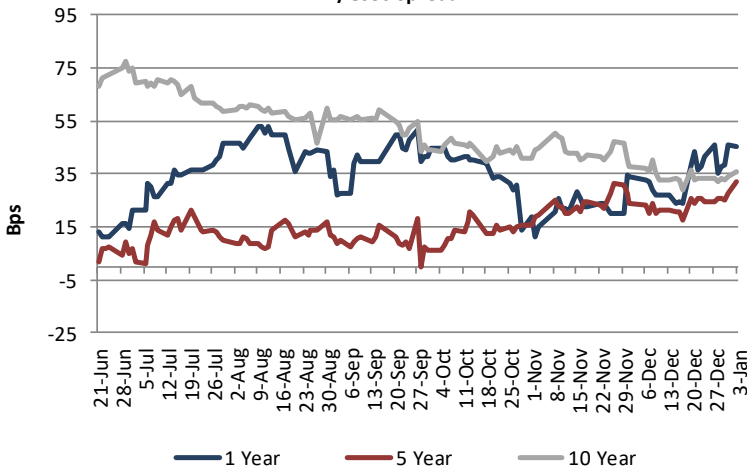
GOI Spread



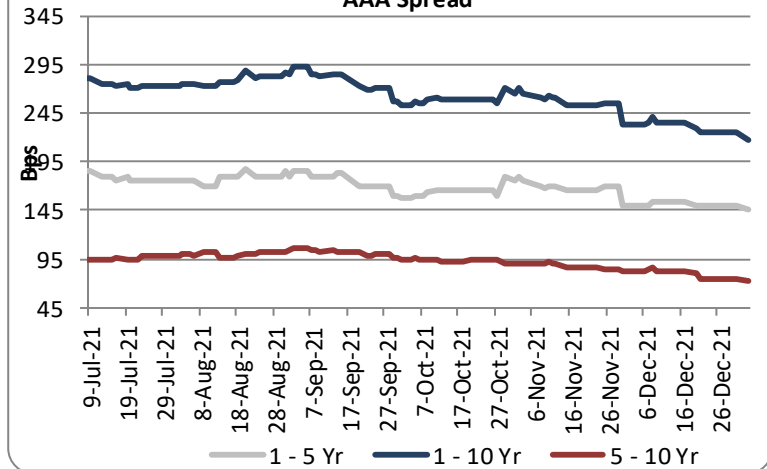
INR Annualised Fwd

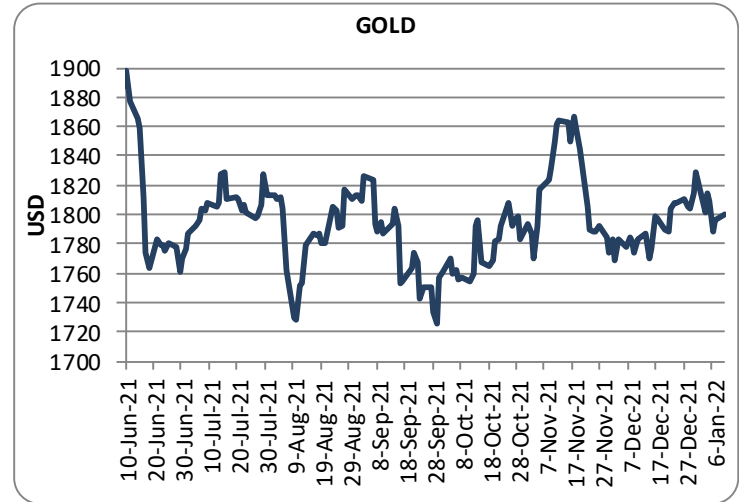
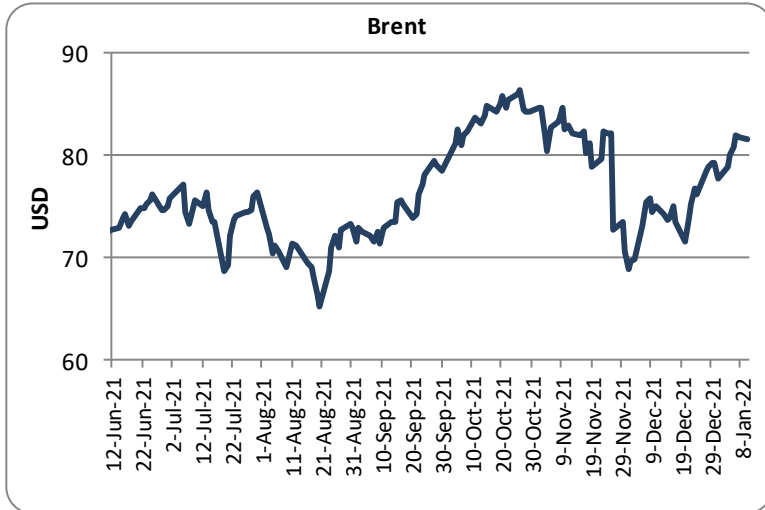


AAA/Gsec Spread



AAA Spread





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 on the basis of 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/>