



BONDWATCH

Daily

July 10, 2024

INDIA

Indian government bond yields ended marginally down on Wednesday, as traders added positions ahead of the critical economic data that could likely guide the U.S. Federal Reserve's interest rate trajectory this year.

The benchmark 10-year yield ended at 6.9754%, following its previous close at 6.9883%.

Foreign holding of the benchmark bond has risen above 50 billion rupees (\$598.84 million) or 5% of the total outstanding, while foreign banks have bought over 130 billion rupees of bonds so far in July.

U.S. retail inflation data is due on Thursday. Market participants expect the reading at 0.10% month-on-month, while consumer prices for 12 months to June are expected to have risen 3.1%.

Fed Chair Jerome Powell, in prepared remarks to U.S. Congress, acknowledged inflation pressures have eased, but did not give any strong signals about the timing of interest rate cuts.

Even though the Fed has not provided strong indications, the market has assumed that the rate easing cycle will begin in this quarter. The odds for a September action are hovering around 75% while bets of 50 bps cuts in 2024 remain intact.

India retail inflation data to be released after market hours on Friday. Market participants are predicting that retail inflation edged up in June, snapping five months of declines, largely because of a jump in vegetable prices, forecasting a 4.80% year-on-year rise in retail inflation, up from 4.75% in May.

The Indian rupee weakened 0.04% versus the U.S. dollar, and quoted at 83.51 per dollar, pressured by dollar demand from local importers.

Repo: The weighted average call rates in the interbank segment remained the same at 6.47% vs 6.47% as on the previous day while that the TREP segment remained the same at 6.40% vs 6.40% as on the previous day.

Market Observations

G-sec

- Demand was seen in 2026 and 2027 maturity SDLs by private and nationalized banks @7.15 and 7.18 centric levels. Major sellers were PDs.
- Demand was seen in 2030 and 2031 illiquid G-sec @7.02 centric levels. Major buyers were private and nationalized banks.

Corporate Bonds

- Major Activity was seen in the 2025-2027 segment.
- Banks were active on the selling side and mutual funds were active on the buying and selling side in the 2025-2027 segment.

CP/CD

- Activity was seen across all segments.

GOI Yield	10-Jul	5-Jul	3-Jul	10-Jun
1 Year	6.900	6.920	6.930	7.010
5 Year	6.963	6.983	6.984	7.029
10 Year	6.975	6.993	6.999	7.033

AAA Bmk	10-Jul	5-Jul	3-Jul	10-Jun
1 Year	7.72	7.72	7.72	7.78
5 Year	7.63	7.64	7.65	7.65
10 Year	7.53	7.52	7.55	7.55

CD	10-Jul	5-Jul	3-Jul	10-Jun
3 Month	7.12	7.15	7.15	7.10
6 Month	7.40	7.35	7.35	7.45
1 Year	7.61	7.60	7.60	7.70

CP	10-Jul	5-Jul	3-Jul	10-Jun
3 Month	7.20	7.25	7.25	7.15
6 Month	7.50	7.45	7.45	7.55
1 Year	7.70	7.70	7.70	7.80

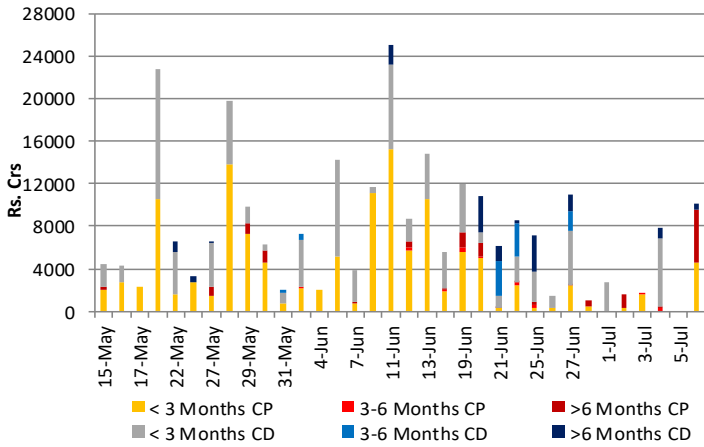
OIS Rate	10-Jul	5-Jul	3-Jul	10-Jun
1 Year	6.75	6.78	6.80	6.79
2 Year	6.48	6.52	6.55	6.50
3 Year	6.41	6.46	6.49	6.43
5 Year	6.36	6.41	6.44	6.37

	10-Jul	5-Jul	3-Jul	10-Jun
Sensex	79,925	79,997	79,987	76,490
Nifty	24,324	24,324	24,287	23,259
USD/INR	83.52	83.49	83.53	83.51
Gold (USD)	2,375	2,391	2,356	2,311
Oil (USD)	84.36	86.54	87.34	81.63

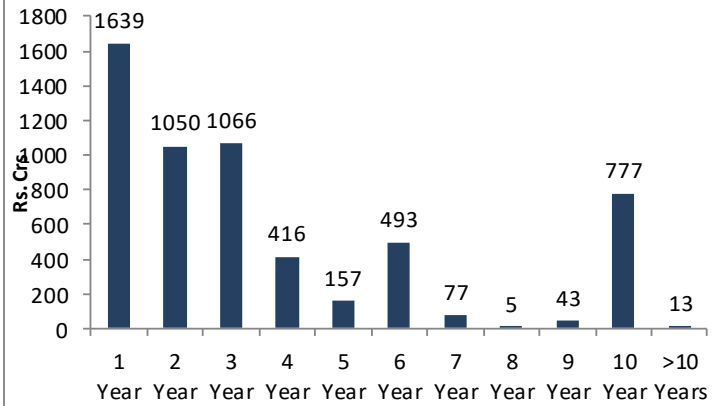
NDF	10-Jul	5-Jul	3-Jul	10-Jun
3 Month	83.74	83.71	83.77	83.73
1 Year	84.86	84.78	84.83	84.77
2 Year	87.09	86.90	86.94	86.75
3 Year	89.78	89.50	89.54	89.19



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	10-Jul	5-Jul	3-Jul	10-Jun
India	6.98	6.99	7.00	7.03
US	4.27	4.27	4.35	4.47
South Korea	3.20	3.22	3.28	3.43
Russia	15.11	15.11	15.11	15.02
Brazil	11.88	11.98	12.24	12.05
Germany	2.52	2.53	2.56	2.68
China	2.27	2.26	2.24	2.31

Top Traded Securities	Volume	4-Jul	3-Jul	27-Jun	4-Jun
7.26 2033	1,330	7.05	7.06	7.06	7.12
7.06 2028	250	6.98	6.99	7.00	7.10
7.62 2039	50	7.05	7.04	7.05	7.13
7.30 2053	905	7.06	7.05	7.05	7.17
6.64 2035	390	7.05	7.06	7.05	7.09
7.40 2035	140	7.08	7.08	7.09	7.13

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
5-Jul-24	7565	7290	275

EQUITY	Gross Purchase	Gross Sales	Net Investment
	2997	4884	-1886

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10562	12174	-1611

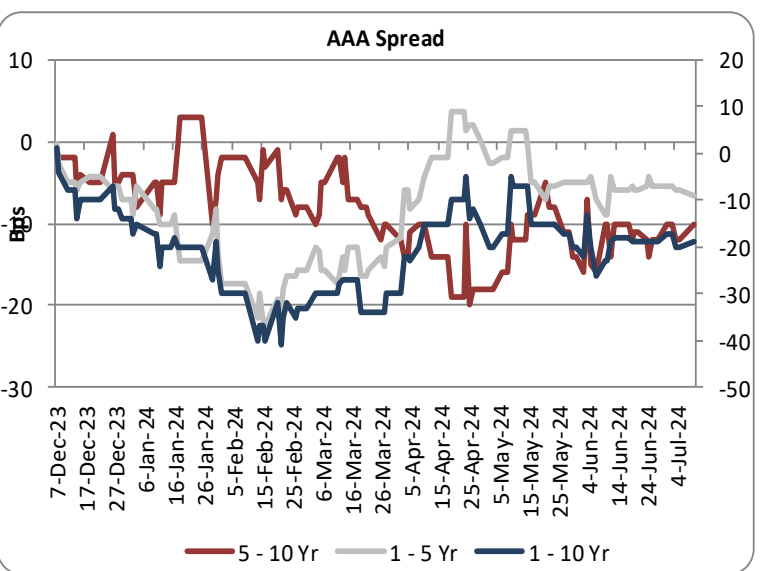
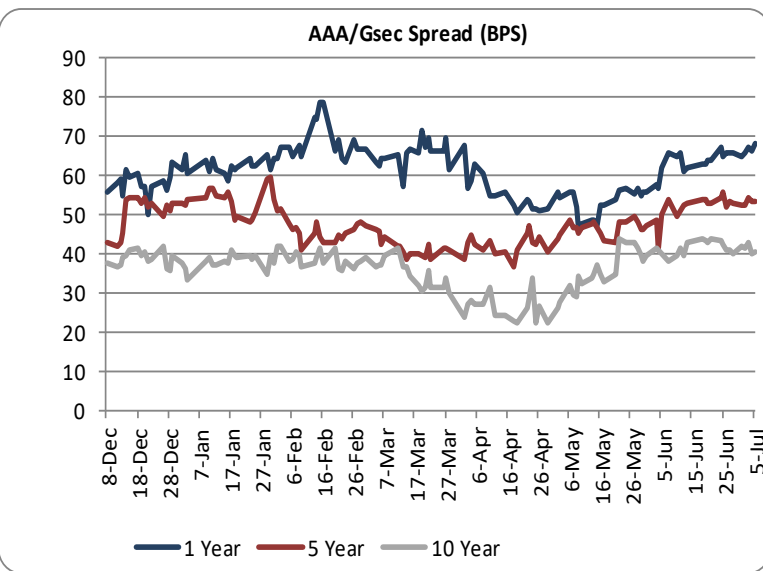
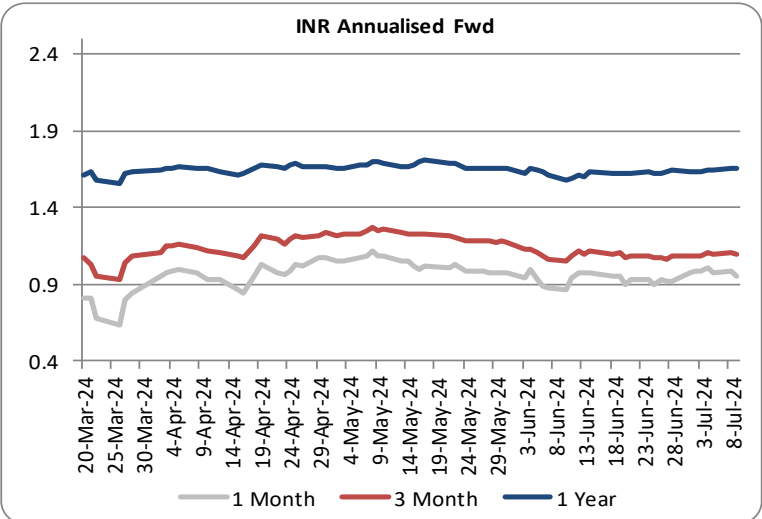
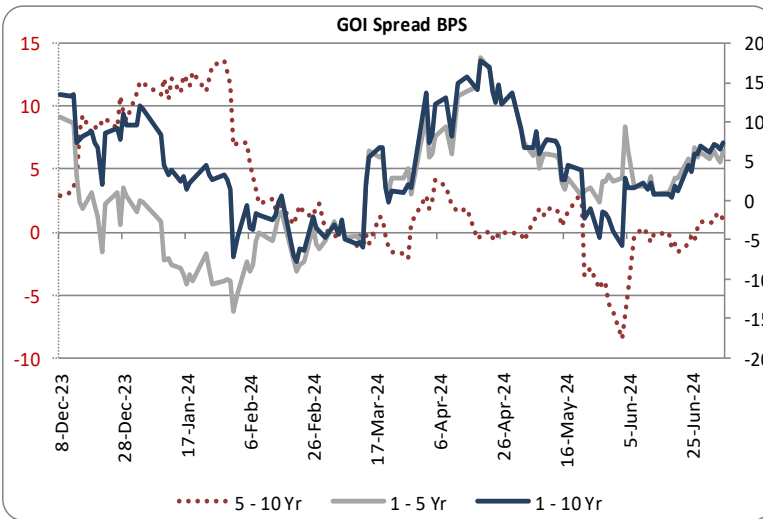
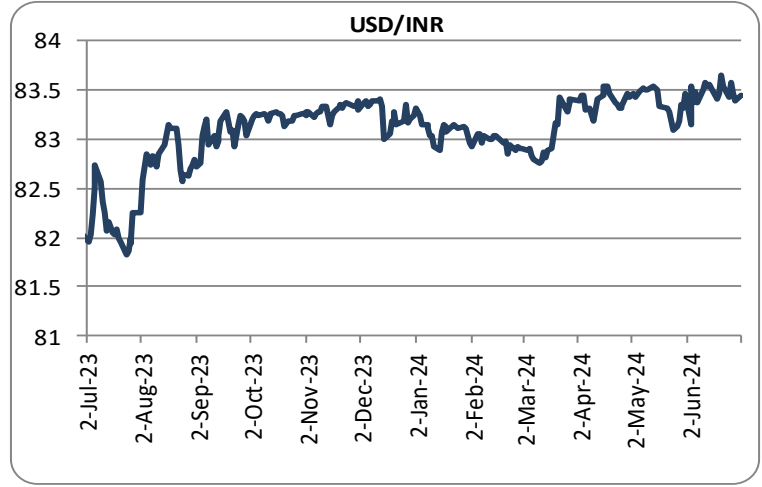
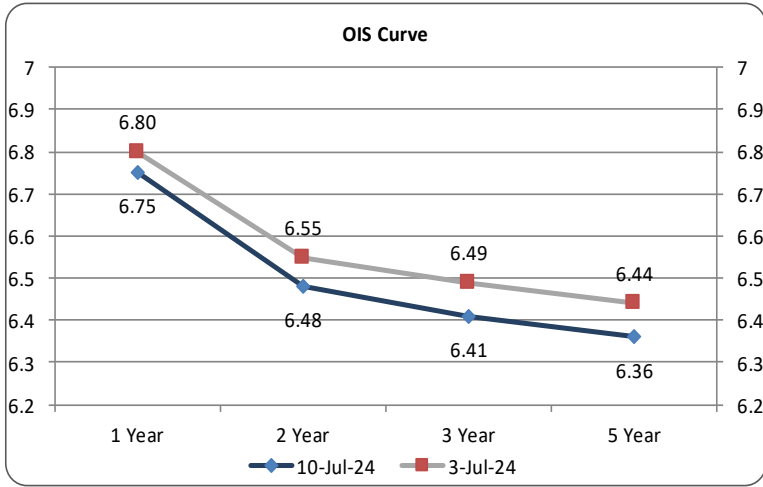
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
10-Jul-24	1731	1163	569

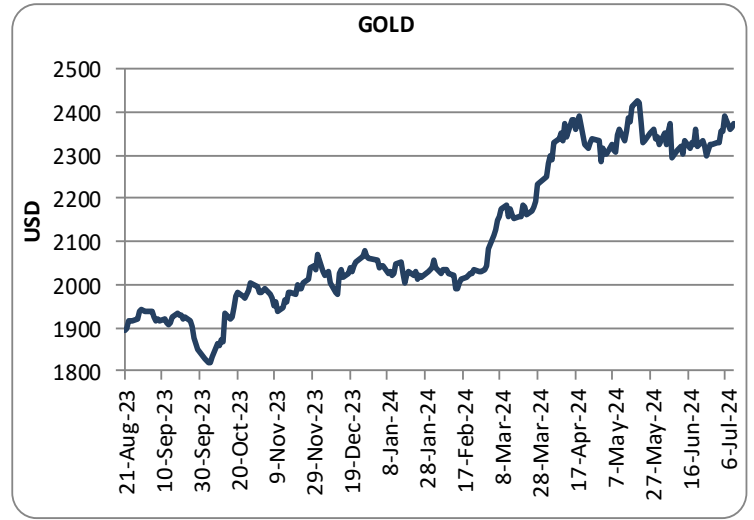
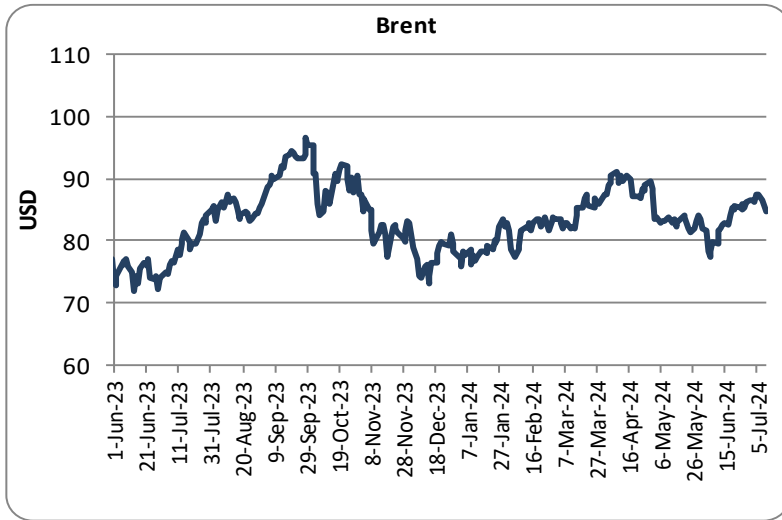
EQUITY	Gross Purchase	Gross Sales	Net Investment
	16248	14720	1528

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
17979	15883	2097

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-24	7.8	8.4
CAD (\$ Bn)	Mar-24	5.7	-8.7
Trade Deficit (\$ Bn)	Mar-24	-50.9	-71.6
WPI (%)	May-24	2.6	1.3
CPI (%)	May-24	4.8	4.8
IIP (%)	Apr-24	5.0	5.4
PMI Manufacturing	Jun-24	58.3	57.5
PMI Service	Jun-24	60.5	60.2

Economic Calender	Country	Date	Poll	Prior
Industrial Output	UK	11-Jul-24	0	-0.4
CPI	USA	11-Jul-24	-	3.30
Core CPI	USA	11-Jul-24	-	3.40
CPI	India	12-Jul-24	4.80	4.75
Industrial Output	China	15-Jul-24	5.00	5.60
WPI	India	15-Jul-24	3.50	2.61
Industrial Production	Euro Zone	15-Jul-24	-	(3.00)
CPI	UK	17-Jul-24	-	2.00





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

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