



# BONDWATCH

Daily

INDIA

March 10, 2023

Indian government bond yields ended lower on Friday, mirroring the drop in U.S. yields, while markets awaited U.S. non-farm payroll data, due later in the day.

The 10-year benchmark 7.26% 2032 bond yield ended at 7.4321%, after closing at 7.4449% on Thursday. The yield rose one basis point (bps) for the week.

U.S. yields fell on Thursday and Friday as risk appetite weakened after an equities selloff and as data showed U.S. initial jobless claims rose more than expected last week.

The yield on two-year bonds dropped by 25 bps to 4.82% since Wednesday's close, while that on the 10-year paper fell 12 bps to 3.85%.

Traders now await the jobs report, which is expected to show an increase of 205,000 in February, according to a Reuters survey of economists.

A softening job market could calm the fears of an aggressive rate hike by the Federal Reserve. Fed funds futures are now pricing in a 52% chance for a 50 bps hike in March, down from 68% after [Chair Jerome Powell's comments](#).

The jobs data will be followed by retail inflation readings in India and the United States on Tuesday.

Repo: The weighted average call rates in the interbank segment decreased to 6.31% vs 6.35% as on the previous day while that the TREP segment decreased to 6.24% vs 6.31% as on the previous day.

| GOI Yield | 10-Mar | 9-Mar | 3-Mar | 10-Feb |
|-----------|--------|-------|-------|--------|
| 1 Year    | 7.380  | 7.410 | 7.340 | 7.050  |
| 5 Year    | 7.398  | 7.414 | 7.389 | 7.285  |
| 10 Year   | 7.432  | 7.444 | 7.416 | 7.363  |

| AAA Bmk | 10-Mar | 9-Mar | 3-Mar | 10-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  | 7.83  | 7.72   |

| CD      | 10-Mar | 9-Mar | 3-Mar | 10-Feb |
|---------|--------|-------|-------|--------|
| 3 Month | 7.45   | 7.70  | 7.65  | 7.25   |
| 6 Month | 7.65   | 7.80  | 7.85  | 7.60   |
| 1 Year  | 7.85   | 7.93  | 7.93  | 7.80   |

| CP      | 10-Mar | 9-Mar | 3-Mar | 10-Feb |
|---------|--------|-------|-------|--------|
| 3 Month | 8.00   | 8.00  | 7.85  | 7.35   |
| 6 Month | 8.20   | 8.20  | 8.10  | 7.70   |
| 1 Year  | 8.30   | 8.30  | 8.15  | 7.82   |

| OIS Rate | 10-Mar | 9-Mar | 3-Mar | 10-Feb |
|----------|--------|-------|-------|--------|
| 1 Year   | 7.02   | 7.12  | 7.05  | 6.82   |
| 2 Year   | 6.67   | 6.81  | 6.74  | 6.47   |
| 3 Year   | 6.57   | 6.69  | 6.66  | 6.37   |
| 5 Year   | 6.56   | 6.69  | 6.65  | 6.39   |

|            | 10-Mar | 9-Mar  | 3-Mar  | 10-Feb |
|------------|--------|--------|--------|--------|
| Sensex     | 59,135 | 59,806 | 59,809 | 60,683 |
| Nifty      | 17,413 | 17,590 | 17,594 | 17,857 |
| USD/INR    | 82.04  | 81.98  | 81.97  | 82.50  |
| Gold (USD) | 1,835  | 1,831  | 1,855  | 1,865  |
| Oil (USD)  | 80.90  | 81.59  | 85.83  | 86.39  |

| NDF     | 10-Mar | 9-Mar | 3-Mar | 10-Feb |
|---------|--------|-------|-------|--------|
| 3 Month | 82.56  | 82.53 | 82.22 | 83.01  |
| 1 Year  | 83.83  | 83.80 | 83.40 | 84.30  |
| 2 Year  | 85.82  | 85.61 | 85.42 | 86.20  |
| 3 Year  | 88.48  | 88.26 | 88.10 | 88.70  |

## Market Observations

### G-sec

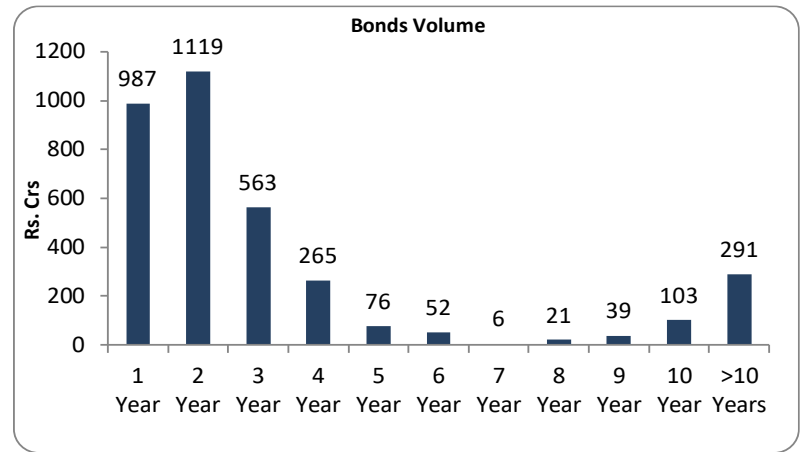
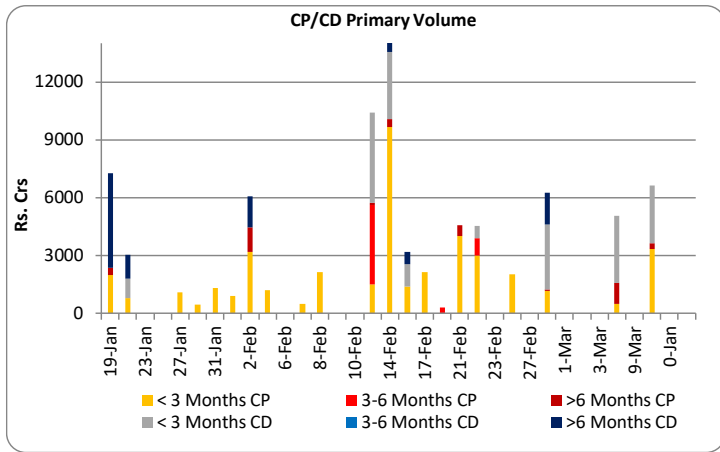
- Demand was seen in T-bills. Levels were better by 5 to 10 bps in T-bills up to 1yr maturity.
- Demand was seen in 30- and 40-year Gsec by foreign banks at 7.49%.

### Corporate Bonds

- Major activity was concentrated in the 1 and 2 yr. segment which was dominated by mutual funds on both sides.
- Banks were on selling in 2 yr.
- More than 5 yr segment was pension fund driven by insurance and bank on selling side.

### CP/CD

- Demand seen in 1 month segment.



| 10 Year Benchmarks | 10-Mar | 9-Mar | 3-Mar | 10-Feb |
|--------------------|--------|-------|-------|--------|
| India              | 7.43   | 7.44  | 7.42  | 7.36   |
| US                 | 3.84   | 3.92  | 3.96  | 3.74   |
| South Korea        | 3.58   | 3.74  | 3.78  | 3.37   |
| Russia             | 10.93  | 10.91 | 11.01 | 10.85  |
| Brazil             | 13.19  | 13.19 | 13.58 | 13.54  |
| Germany            | 2.53   | 2.64  | 2.71  | 2.37   |
| China              | 2.88   | 2.89  | 2.92  | 2.90   |

| Top Traded Securities | Volume | 10-Mar | 9-Mar | 3-Mar | 10-Feb |
|-----------------------|--------|--------|-------|-------|--------|
| 5.74 2026             | 105    | 7.39   | 7.42  | 7.36  | 7.24   |
| 7.38 2027             | -      | 7.40   | 7.43  | 7.39  | 7.29   |
| 7.10 2029             | -      | 7.42   | 7.44  | 7.40  | 7.33   |
| 6.54 2032             | -      | 7.45   | 7.46  | 7.43  | 7.38   |
| 7.26 2032             | -      | 7.43   | 7.44  | 7.42  | 7.36   |
| 7.54 2036             | -      | 7.49   | 7.51  | 7.46  | 7.45   |

| 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           |

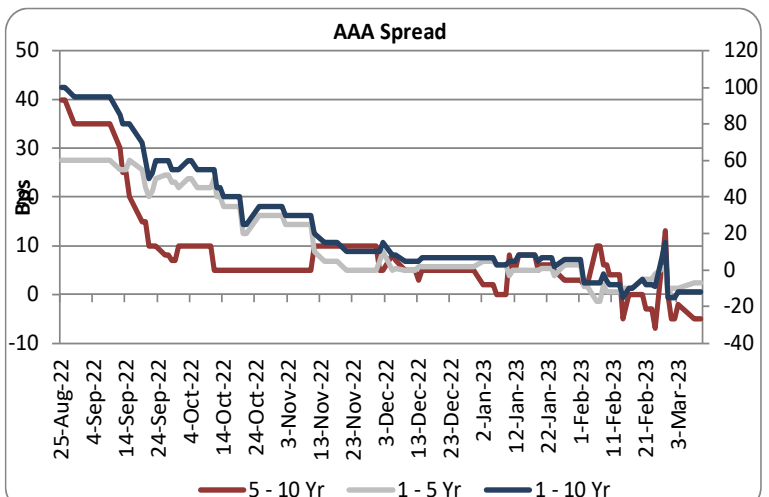
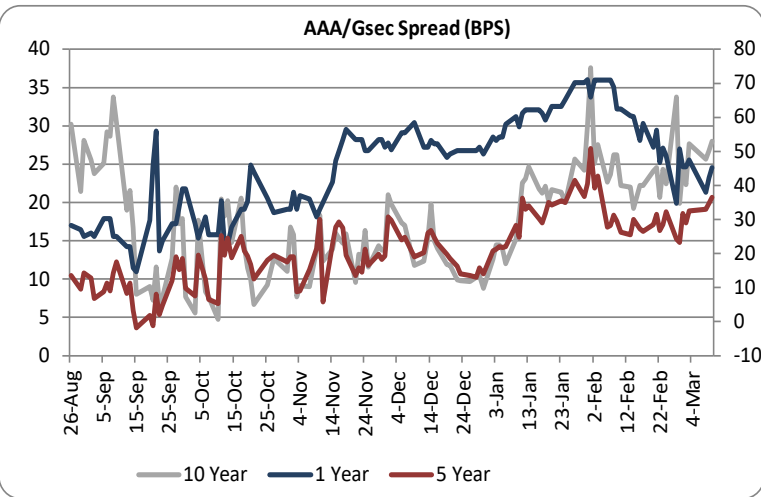
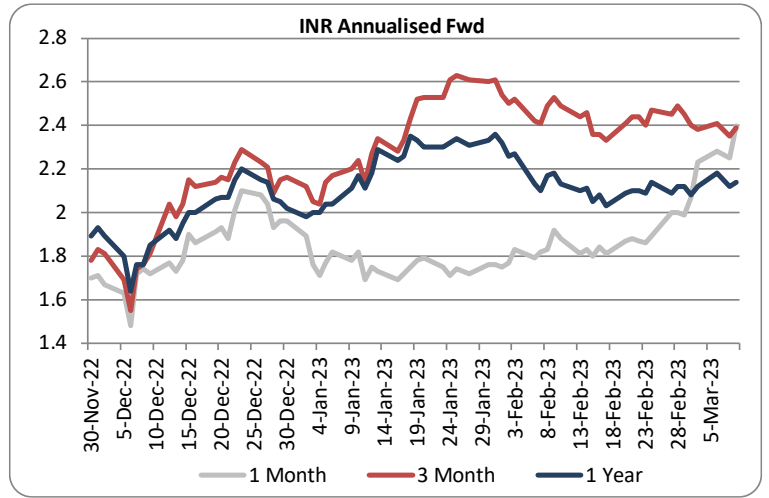
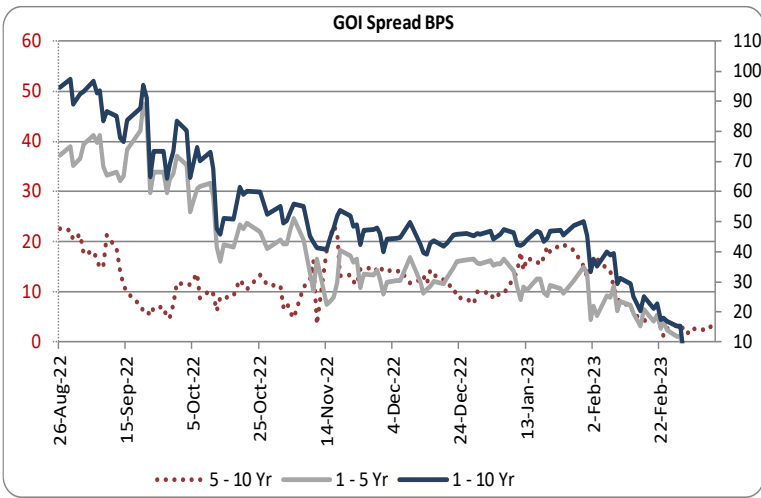
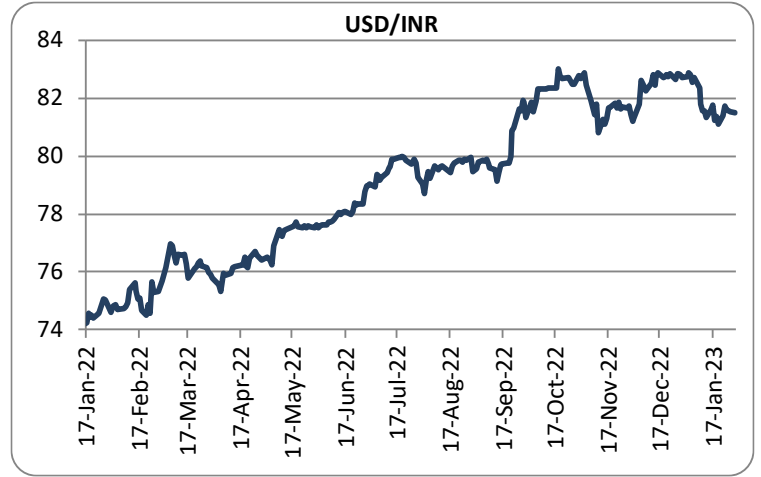
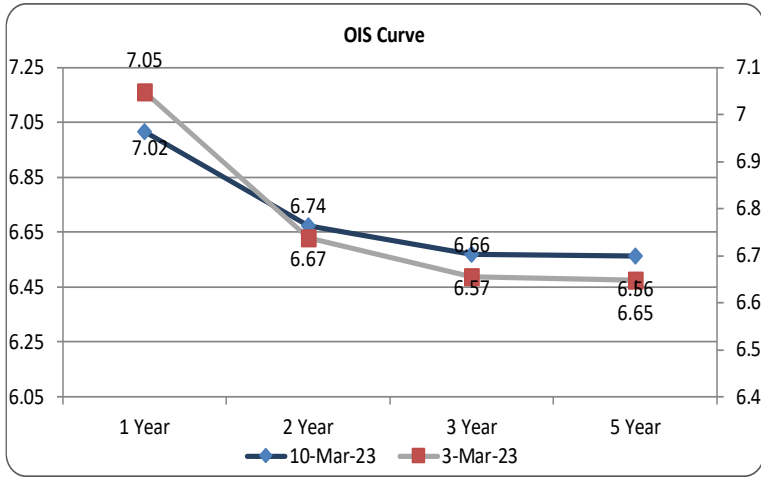
| DEBT      |                |             |                |
|-----------|----------------|-------------|----------------|
| FII       | Gross Purchase | Gross Sales | Net Investment |
| 10-Mar-23 | 424            | 1672        | -1249          |

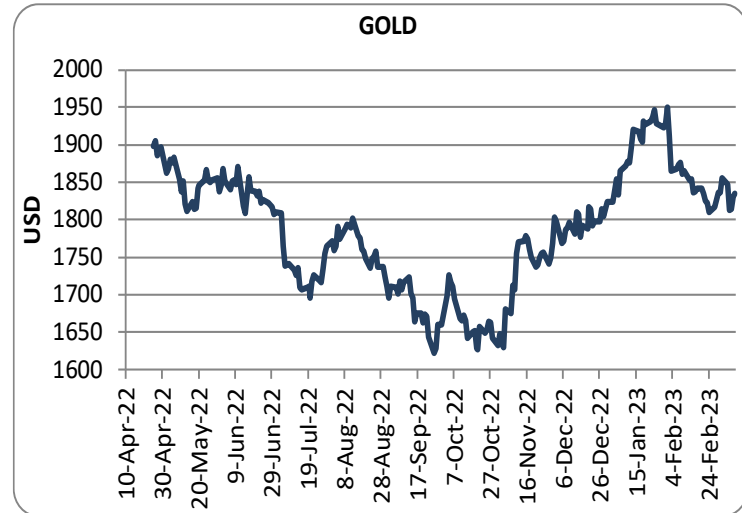
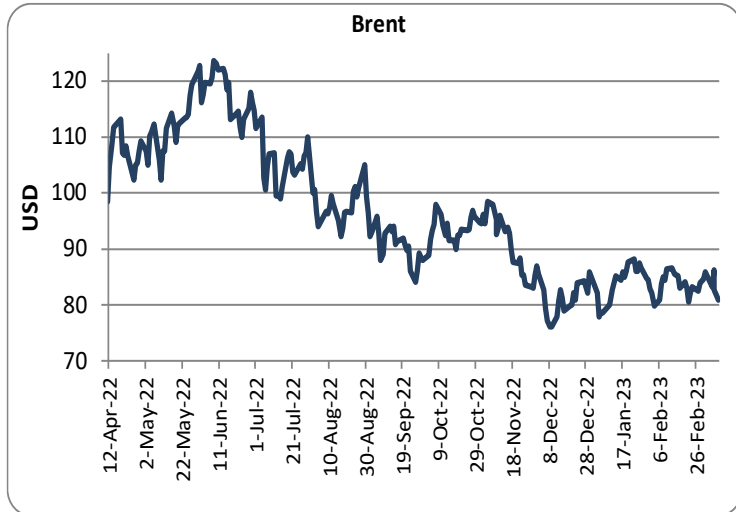
| EQUITY         |             |                |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 11521          | 7570        | 3951           |

| 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 (%)               | Jan-23 | 5.2    | 4.3   |
| 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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