



BONDWATCH

Daily

May 10, 2024

INDIA

Indian government bond yields were little changed on Friday amid a lack of fresh cues, with focus shifting to U.S. and domestic inflation prints due next week.

The benchmark 10-year yield ended at 7.1276%, following its previous close of 7.1321%. The yield fell 2 basis points (bps) this week, after declining 4 bps last week.

Yields have shown a downward bias over the last few days tracking U.S. peers on hopes of the Federal Reserve cutting interest rates this year, which were bolstered by weaker-than-expected April nonfarm payrolls data last week.

The 10-year U.S. yield has stayed below 4.50% this week, with traders pricing in the probability of two 25 basis points cuts this year, the first of which is expected in September. The local and U.S. inflation prints are now expected to provide directional cues.

India's consumer price inflation is likely to have eased to 4.80% in April, just shy of March's rate as food inflation remains sticky. The Reserve Bank of India kept the lending rate steady for the seventh consecutive meeting in April as growth was seen staying robust and inflation has remained above its 4% target.

Traders will also watch if the government announces another round of bond buyback as the banking system's liquidity is expected to remain in neutral-to-deficit this month.

The Indian rupee flat versus the U.S. dollar, and quoted at 83.50 per dollar tracking subdued moves in its Asian peers.

Repo: The weighted average call rates in the interbank segment increased to 6.73% vs 6.71% as on the previous day while that the TREP segment increased to 6.71% vs 6.69% as on the previous day.

| GOI Yield | 10-May | 9-May | 3-May | 10-Apr |
|-----------|--------|-------|-------|--------|
| 1 Year | 7.050 | 7.060 | 7.080 | 7.030 |
| 5 Year | 7.109 | 7.119 | 7.154 | 7.090 |
| 10 Year | 7.128 | 7.132 | 7.147 | 7.111 |

| AAA Bmk | 10-May | 9-May | 3-May | 10-Apr |
|---------|--------|-------|-------|--------|
| 1 Year | 7.65 | 7.65 | 7.75 | 7.70 |
| 5 Year | 7.70 | 7.70 | 7.73 | 7.65 |
| 10 Year | 7.58 | 7.60 | 7.55 | 7.55 |

| CD | 10-May | 9-May | 3-May | 10-Apr |
|---------|--------|-------|-------|--------|
| 3 Month | 7.35 | 7.30 | 7.20 | 7.20 |
| 6 Month | 7.50 | 7.50 | 7.45 | 7.35 |
| 1 Year | 7.65 | 7.70 | 7.65 | 7.50 |

| CP | 10-May | 9-May | 3-May | 10-Apr |
|---------|--------|-------|-------|--------|
| 3 Month | 7.45 | 7.40 | 7.30 | 7.35 |
| 6 Month | 7.60 | 7.60 | 7.55 | 7.45 |
| 1 Year | 7.75 | 7.80 | 7.75 | 7.60 |

| OIS Rate | 10-May | 9-May | 3-May | 10-Apr |
|----------|--------|-------|-------|--------|
| 1 Year | 6.82 | 6.83 | 6.85 | 6.81 |
| 2 Year | 6.57 | 6.59 | 6.54 | 6.54 |
| 3 Year | 6.52 | 6.54 | 6.53 | 6.50 |
| 5 Year | 6.49 | 6.52 | 6.51 | 6.46 |

| | 10-May | 9-May | 3-May | 10-Apr |
|------------|--------|--------|--------|--------|
| Sensex | 72,664 | 72,404 | 73,878 | 75,038 |
| Nifty | 22,055 | 21,958 | 22,476 | 22,754 |
| USD/INR | 83.50 | 83.50 | 83.42 | 83.19 |
| Gold (USD) | 2,373 | 2,346 | 2,302 | 2,333 |
| Oil (USD) | 84.39 | 83.88 | 82.96 | 90.48 |

| NDF | 10-May | 9-May | 3-May | 10-Apr |
|---------|--------|-------|-------|--------|
| 3 Month | 83.76 | 83.70 | 83.64 | 83.52 |
| 1 Year | 84.94 | 84.89 | 84.76 | 84.74 |
| 2 Year | 87.05 | 86.96 | 86.76 | 86.89 |
| 3 Year | 90.04 | 89.43 | 89.11 | 89.34 |

Market Observations

G-sec

- Demand was seen in 8 to 10-year illiquid G-sec by private bank @7.15 central levels. Major sellers were pension fund and insurance companies.

- G-sec cut off was in line with market expectation, selling was seen in 7-year 2030 G-sec post cut off.

Corporate Bonds

- Major activity was seen in the MMY segment and the 2025-2027 segment.

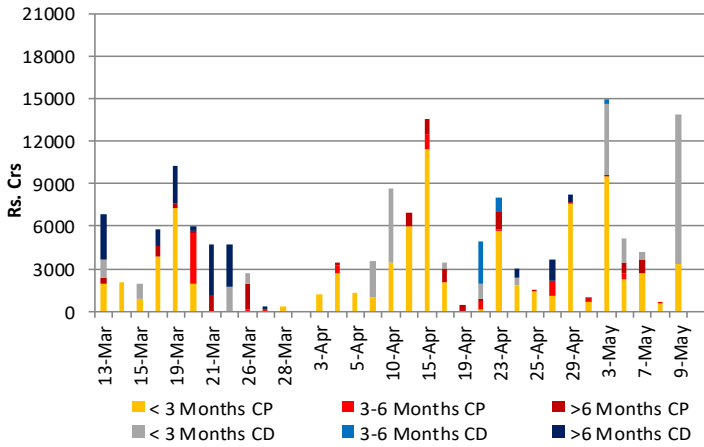
- Mutual funds and life insurance companies were active on the selling side and Mutual funds and banks were active on the buying side.

CP/CD

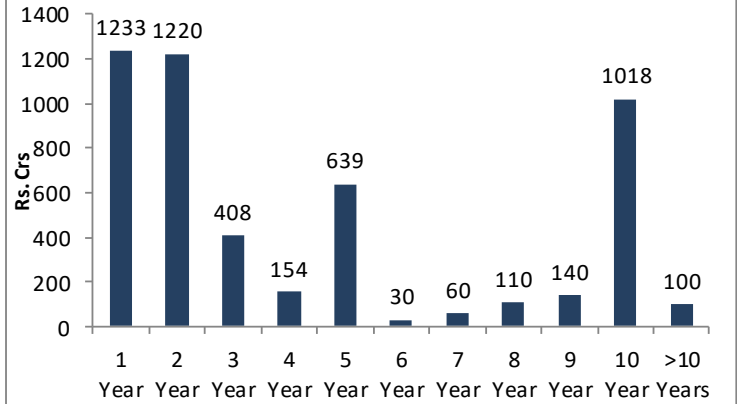
- Activity was seen in the 1 to 2-month segment.



CP/CD Primary Volume



Bonds Volume (prev.)



| 10 Year Benchmarks | 10-May | 9-May | 3-May | 10-Apr |
|--------------------|--------|-------|-------|--------|
| India | 7.13 | 7.14 | 7.15 | 7.12 |
| US | 4.46 | 4.45 | 4.50 | 4.56 |
| South Korea | 3.54 | 3.56 | 3.61 | 3.50 |
| Russia | 14.62 | 14.70 | 14.58 | 14.26 |
| Brazil | 11.72 | 11.72 | 11.46 | 11.20 |
| Germany | 2.48 | 2.50 | 2.51 | 2.43 |
| China | 2.32 | 2.32 | 2.31 | 2.30 |

| Top Traded Securities | Volume | 9-May | 8-May | 2-May | 8-Apr |
|-----------------------|--------|-------|-------|-------|-------|
| 7.26 2033 | - | 7.16 | 7.16 | 7.19 | 7.17 |
| 7.06 2028 | 295 | 7.13 | 7.13 | 7.17 | 7.13 |
| 7.62 2039 | - | 7.16 | 7.15 | 7.19 | 7.17 |
| 7.30 2053 | 3,045 | 7.22 | 7.23 | 7.27 | 7.24 |
| 6.64 2035 | 165 | #N/A | 7.17 | 7.22 | 7.20 |
| 7.40 2035 | 10 | 7.19 | 7.18 | 7.21 | 7.18 |

| DEBT | | | |
|----------|----------------|-------------|----------------|
| MF | Gross Purchase | Gross Sales | Net Investment |
| 8-May-24 | 13176 | 7636 | 5539 |

| EQUITY | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 5163 | 11634 | -6471 |

| TOTAL (Rs.Crs) | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 18339 | 19270 | -931 |

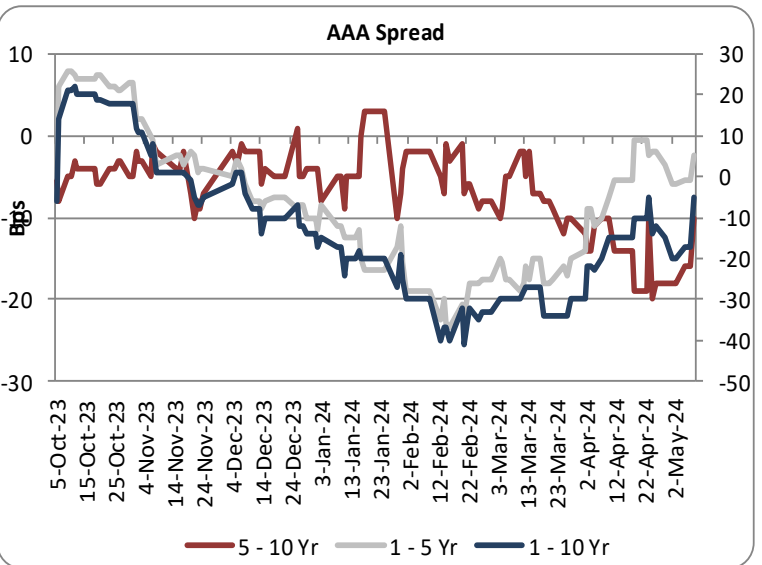
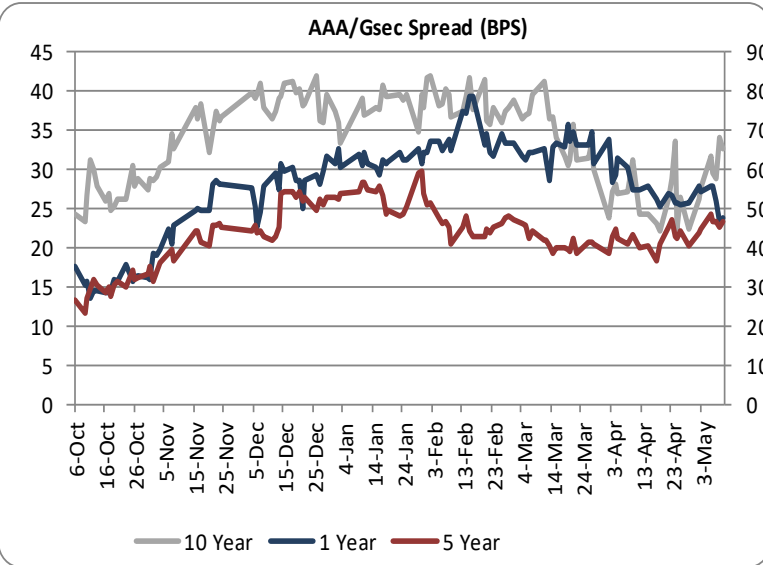
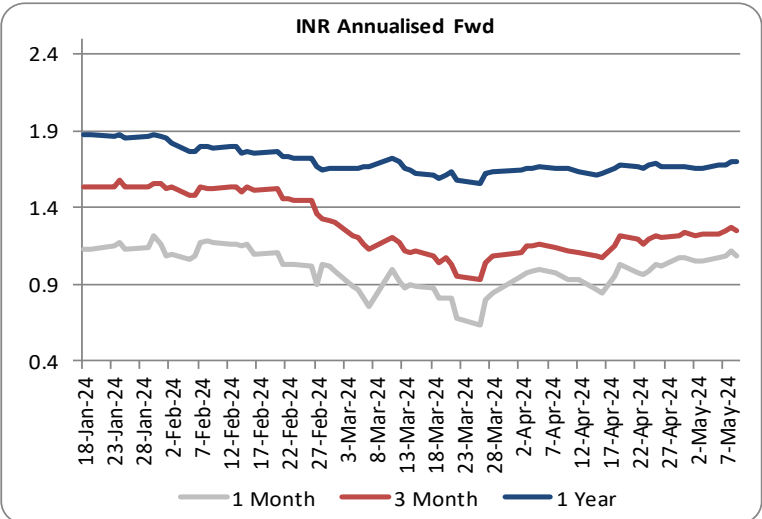
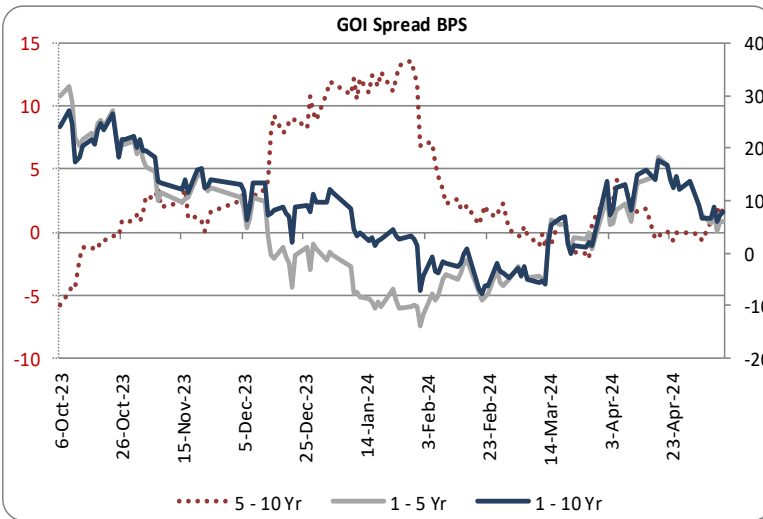
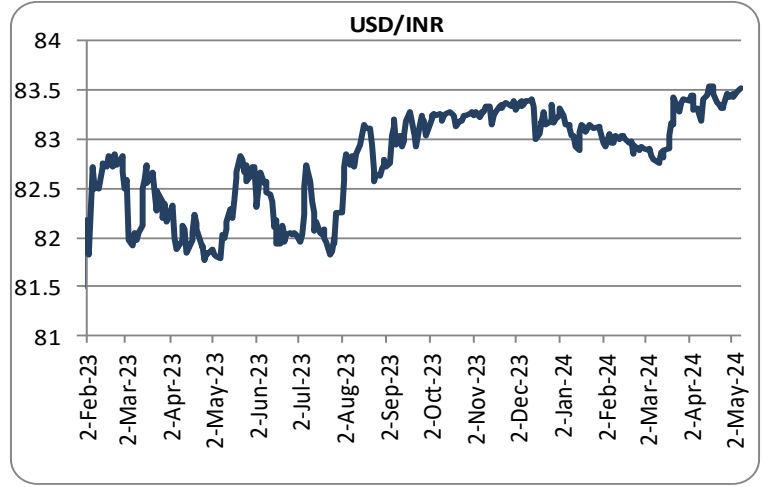
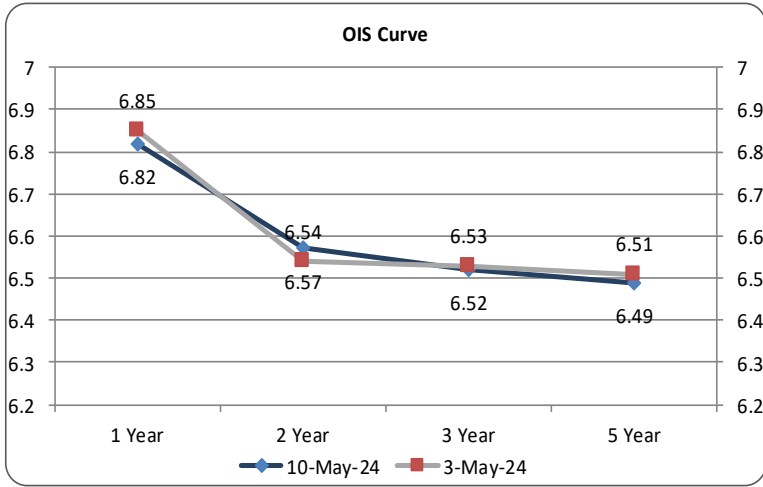
| DEBT | | | |
|-----------|----------------|-------------|----------------|
| FII | Gross Purchase | Gross Sales | Net Investment |
| 10-May-24 | 1684 | 1481 | 203 |

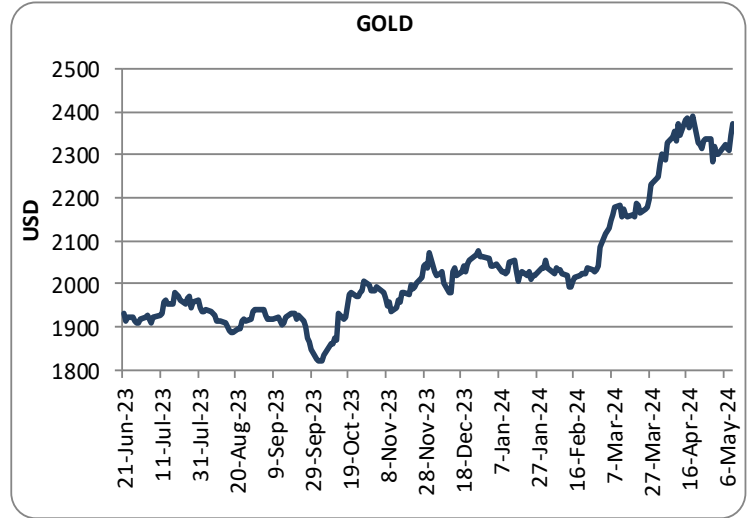
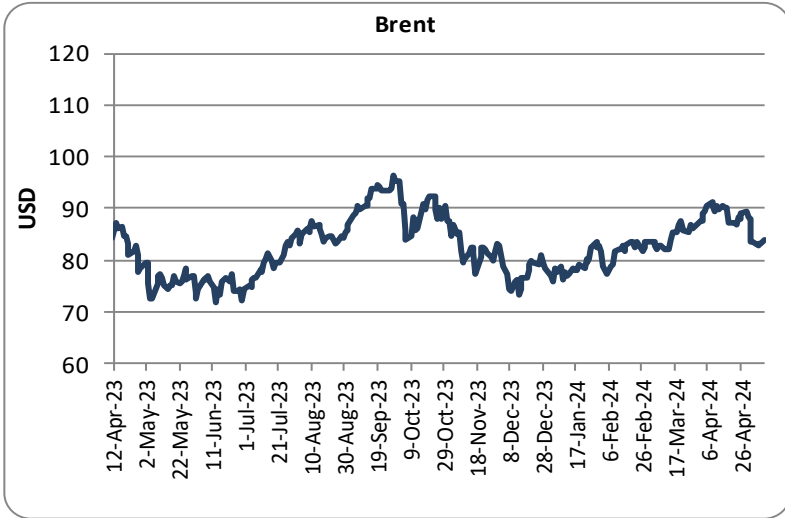
| EQUITY | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 11525 | 18195 | -6670 |

| TOTAL (Rs. Crs) | | |
|-----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 13209 | 19676 | -6467 |

| INDICATORS | PERIOD | ACTUAL | PRIOR |
|-----------------------|--------|--------|-------|
| GDP Quaterly (%) | Dec-23 | 8.4 | 8.1 |
| CAD (\$ Bn) | Dec-23 | -10.5 | -11.4 |
| Trade Deficit (\$ Bn) | Dec-23 | -71.6 | -61.0 |
| WPI (%) | Mar-24 | 0.5 | 0.2 |
| CPI (%) | Mar-24 | 4.9 | 5.1 |
| IIP (%) | Feb-24 | 5.7 | 4.1 |
| PMI Manufacturing | Apr-24 | 58.8 | 59.1 |
| PMI Service | Apr-24 | 60.8 | 61.2 |

| Economic Calender | Country | Date | Poll | Prior |
|-----------------------|-----------|-----------|------|--------|
| Unemployment Rate | Euro Zone | 3-May-24 | 6.5 | 6.5 |
| Unemployment Rate | USA | 03-May-24 | 3.80 | 3.80 |
| RBA Cash Rate | Australia | 07-May-24 | 4.35 | 4.35 |
| Industrial Production | Germany | 08-May-24 | - | (4.76) |
| BOE Bank Rate | UK | 09-May-24 | 5.25 | 5.25 |
| GDP YY Q1 | UK | 10-May-24 | - | (0.20) |
| Industrial Output | India | 10-May-24 | - | 5.70 |
| CPI | China | 11-May-24 | - | 0.10 |





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

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