



BONDWATCH

Daily

July 12, 2023

INDIA

Indian government bond yields ended marginally higher on Wednesday, breaking its two-session falling streak as traders awaited key U.S. and domestic retail inflation data, due later in the day, for cues on interest rates.

The benchmark 7.26% 2033 bond yield ended at 7.1160%, after closing at 7.0935% on Tuesday.

The bond yield had eased seven basis points in the last two days, as a consistent fall in 10-year U.S. yields prompted traders to cover short positions.

Market participants have pegged U.S. inflation for the 12 months ended June at 3.1%, down from the 4% reading in May. However, some participants expect a softer reading, which could negate the possibility of aggressive rate hikes from the Federal Reserve. This has pushed the 10-year U.S. yield down 15 bps since its high last week.

The Fed had paused in June but indicated two more raises in 2023. Fed funds rate is currently at 5%-5.25%. The odds of a 25-bps hike on July 26 remain around 89%.

Meanwhile India's inflation reading came in at 4.81% higher than the market expectations of 4.58%

The Indian rupee strengthened 0.14% to 82.2475 per U.S. dollar as the greenback continued its slide ahead of U.S. inflation data that could potentially support bets of the Federal Reserve not hiking interest rates beyond July this year.

Repo: The weighted average call rates in the interbank segment decreased to 6.45% vs 6.56% as on the previous day while that the TREP segment decreased to 6.29% vs 6.39% as on the previous day.

Market Observations

G-sec

- T-bill cut off was in line with market expectation apart from 1yr segment where it was 2-3 bps higher.
- Demand was seen in 2053 and 2063 papers @7.35 centric level.
- Demand was seen in 3-year liquid G-sec @7.0750 yield. Major sellers were foreign banks.

Corporate Bonds

- Mutual funds selling early to longer-end 2026 maturity.
- Insurance and pension funds buying in the longer end segment.

CP/CD

- Major activity was seen in the 3-month and 1-year segment.

GOI Yield	12-Jul	11-Jul	5-Jul	13-Jun
1 Year	6.870	6.860	6.800	6.850
5 Year	7.109	7.077	7.073	6.943
10 Year	7.116	7.094	7.107	7.000

AAA Bmk	12-Jul	11-Jul	5-Jul	13-Jun
1 Year	7.40	7.40	7.38	7.40
5 Year	7.59	7.59	7.57	7.48
10 Year	7.53	7.53	7.52	7.40

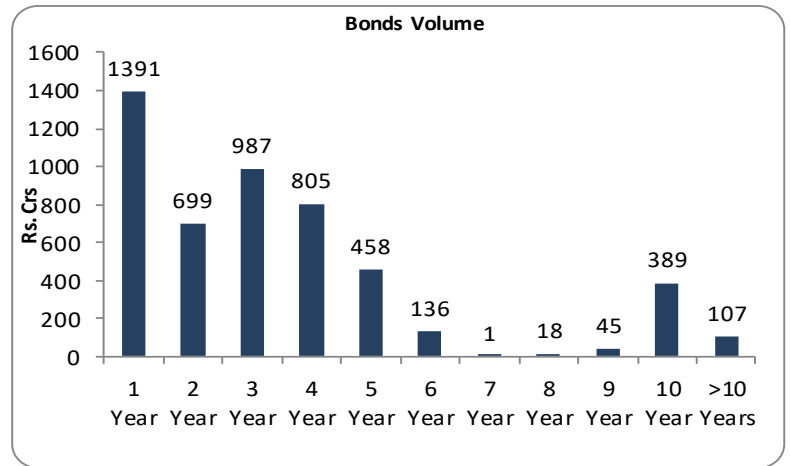
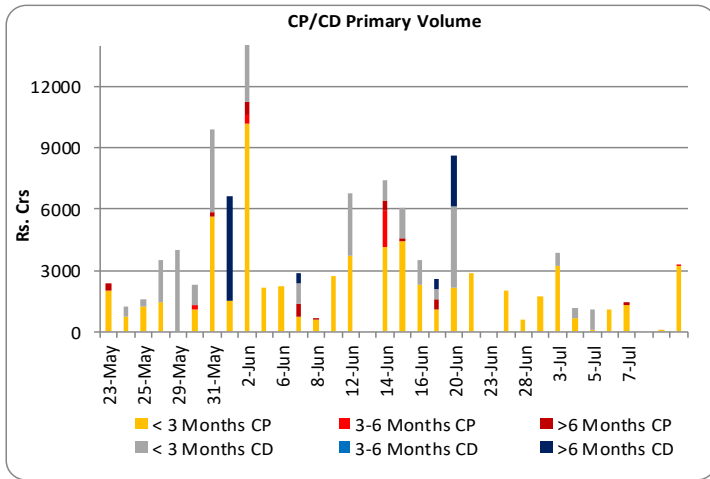
CD	12-Jul	11-Jul	5-Jul	13-Jun
3 Month	6.95	6.95	6.95	6.98
6 Month	7.20	7.20	7.20	7.20
1 Year	7.50	7.50	7.55	7.40

CP	12-Jul	11-Jul	5-Jul	13-Jun
3 Month	7.10	7.10	7.10	7.08
6 Month	7.30	7.30	7.30	7.30
1 Year	7.60	7.60	7.65	7.50

OIS Rate	12-Jul	11-Jul	5-Jul	13-Jun
1 Year	6.81	6.78	6.75	6.61
2 Year	6.51	6.49	6.47	6.27
3 Year	6.42	6.40	6.39	6.17
5 Year	6.39	6.37	6.33	6.12

	12-Jul	11-Jul	5-Jul	13-Jun
Sensex	65,394	65,618	65,446	63,143
Nifty	19,384	19,439	19,399	18,716
USD/INR	82.25	82.37	82.23	82.37
Gold (USD)	1,935	1,932	1,917	1,943
Oil (USD)	79.46	79.40	76.65	74.29

NDF	12-Jul	11-Jul	5-Jul	13-Jun
3 Month	82.57	82.66	82.66	82.53
1 Year	83.54	83.72	83.72	83.64
2 Year	85.76	85.84	85.68	85.72
3 Year	88.45	88.55	88.33	88.47



10 Year Benchmarks	12-Jul	11-Jul	5-Jul	13-Jun
India	7.12	7.10	7.11	7.00
US	3.95	3.98	3.95	3.84
South Korea	3.75	3.76	3.65	3.58
Russia	11.33	11.32	11.20	10.90
Brazil	10.74	10.66	10.74	11.29
Germany	2.62	2.65	2.48	2.43
China	2.68	2.68	2.70	2.66

Top Traded Securities	Volume	12-Jul	11-Jul	5-Jul	13-Jun
5.74 2026	75	7.09	7.08	7.07	6.92
7.38 2027	15	7.11	7.08	7.07	6.94
7.10 2029	15	7.13	7.10	7.10	6.99
6.54 2032	-	7.16	7.15	7.15	7.06
7.26 2032	#VALUE!	7.16	7.13	7.14	7.05
7.54 2036	-	7.23	7.21	7.23	7.12

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
10-Jul-23	2579	1397	1182

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	1537	1553	-17

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	4116	2951	1165

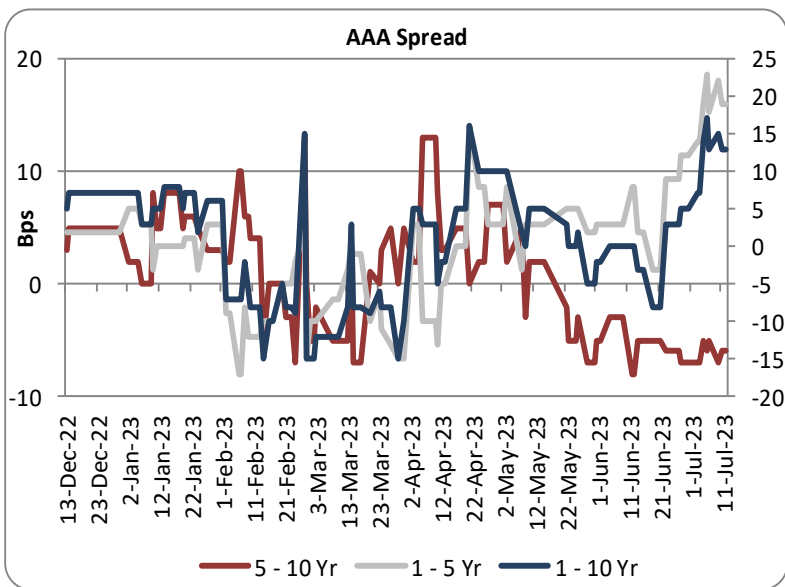
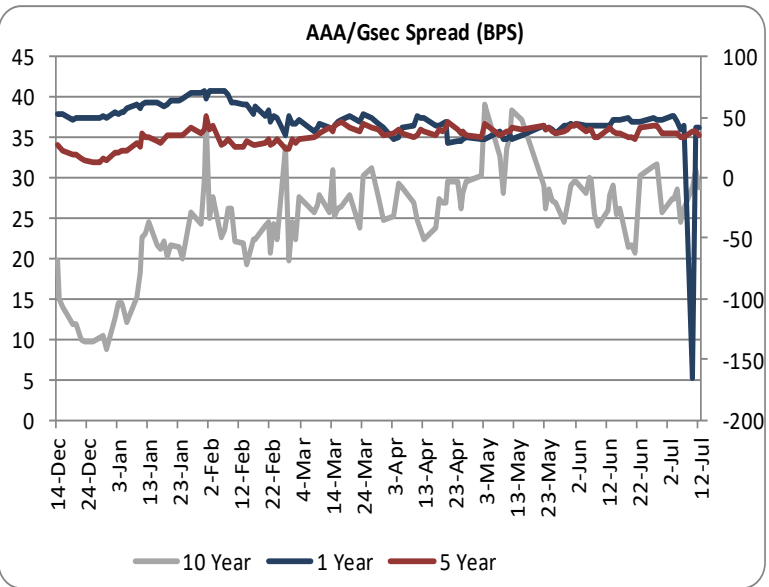
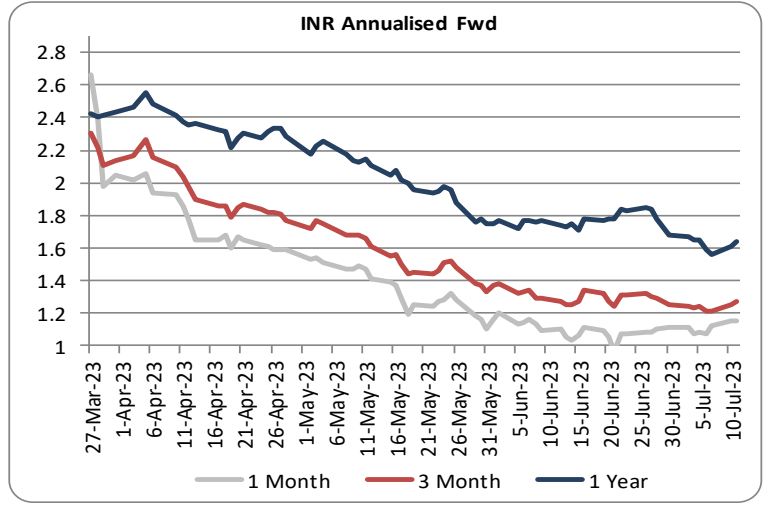
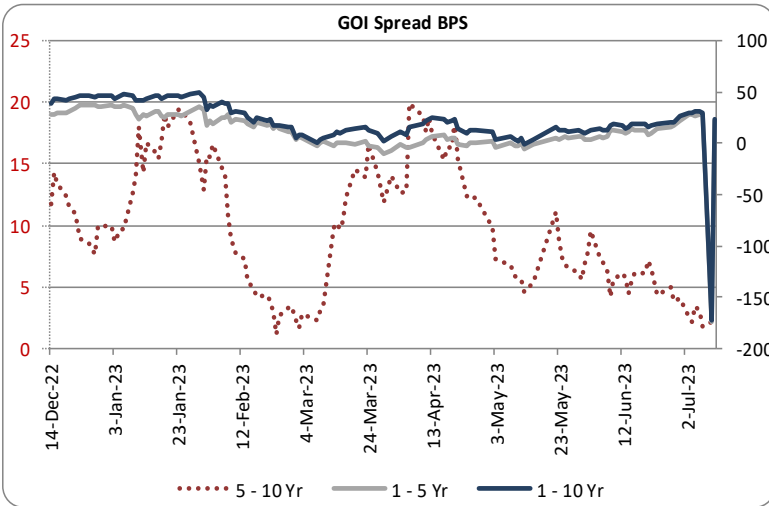
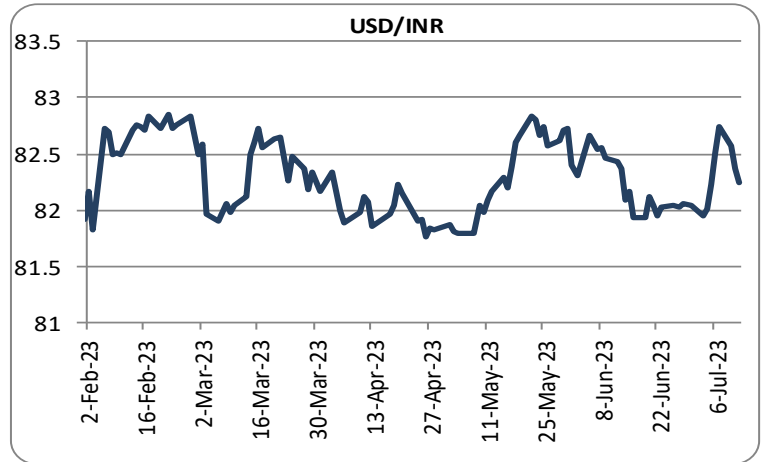
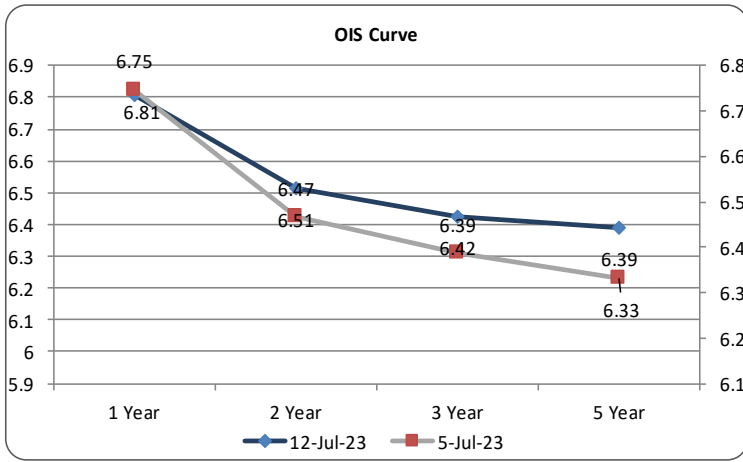
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
12-Jul-23	1059	826	233

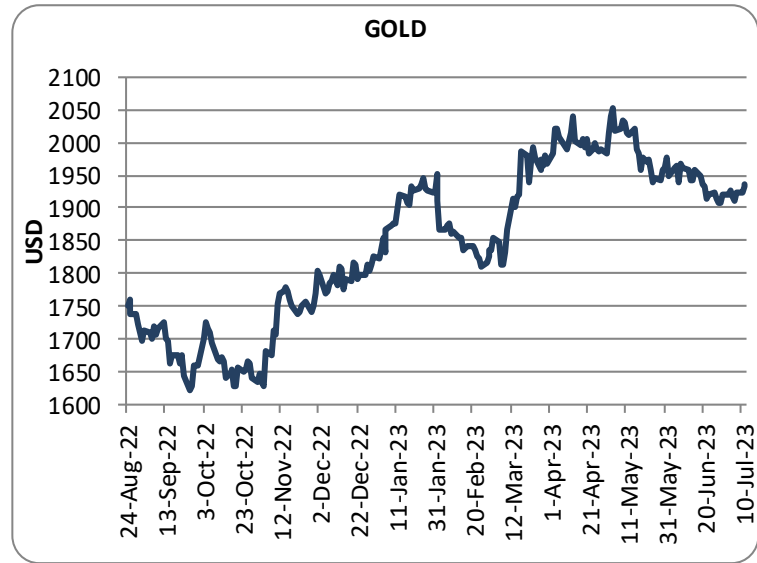
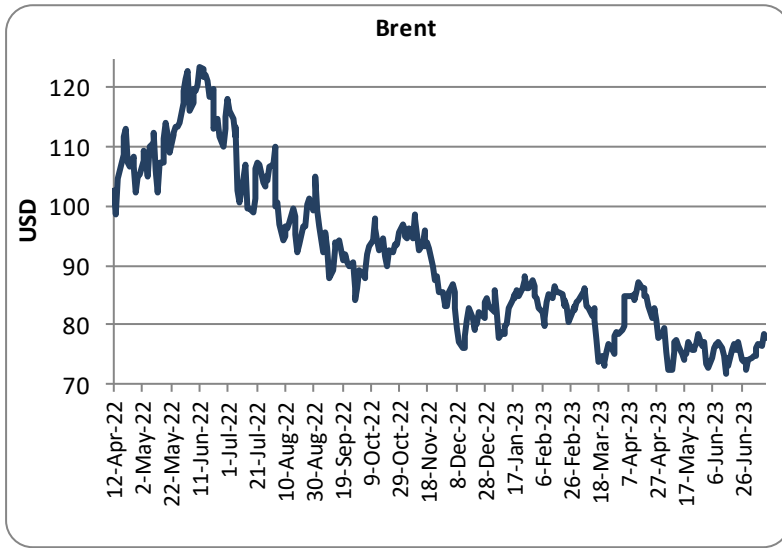
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	10857	9388	1469

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	11917	10214	1703

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	May-23	-3.5	-0.9
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
Retail Sales	Euro Zone	6-Jul-23	-2.7	-2.6
Industrial Production	Germany	07-Jul-23	-	1.75
CPI	China	10-Jul-23	-	0.20
CPI	Germany	11-Jul-23	-	6.40
CPI	India	12-Jul-23	-	4.25
Industrial Output	UK	13-Jul-23	-	(1.90)
GDP Estimate	UK	13-Jul-23	-	0.50
Industrial Production	Euro Zone	13-Jul-23	-	0.20





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

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