



# BONDWATCH

Daily

February 13, 2024

## INDIA

Indian government bond yields were relatively unchanged on Tuesday after the local inflation data was in line with expectations, while investors awaited U.S. inflation print due later in the day.

The benchmark 10-year yield ended at 7.0998%, following its previous close of 7.0946%.

India's retail inflation dipped to 5.10% in January from 5.69% in December, and was in line with the 5.09% forecast of economists.

Last week, the Reserve Bank of India (RBI) left interest rates unchanged, signaling that cuts may be some time away, as it reiterated its commitment to meet the medium-term 4% inflation target on a sustainable basis.

Meanwhile, the 10-year U.S. yield stayed elevated but did not exceed the critical 4.20% threshold ahead of the inflation reading, which will offer further cues on when the Fed is likely to begin cutting interest rates.

An elevated U.S. inflation reading could see a breach of the key 4.20% level in Treasury yields, potentially pushing local 10-year yields towards 7.15%.

The odds of a rate cut by the Fed in May have eased to around 61% from 83% last month, with some now suggesting that the rate easing cycle in the world's largest economy could start only from June.

Earlier in the day, nine Indian states raised 185 billion rupees (\$2.23 billion) via bonds, with the auction cut-offs in line with estimates.

The Indian rupee was flat versus the U.S. dollar, and quoted at 83.00 per dollar as traders await the release of U.S. inflation data.

Repo: The weighted average call rates in the interbank segment decreased to 6.74% vs 6.76% as on the previous day while that the TREP segment decreased to 6.71% vs 6.73% as on the previous day.

### Market Observations

#### G-sec

- SDL cut off was in line with Market expectation.
- Demand was seen in 11 and 12 year SDLs by Insurance companies @7.45 centric levels.

#### Corporate Bonds

- Mutual funds were active in the MMY segment and in the 2025-2027 segment.
- Banks were mostly seen on the buying side in up to the 2027 segment.

#### CP/CD

- Demand was seen across the segment.

GOI Yield	13-Feb	9-Feb	6-Feb	12-Jan
1 Year	7.125	7.125	7.125	7.140
5 Year	7.074	7.084	7.036	7.057
10 Year	7.100	7.107	7.090	7.180

AAA Bmk	13-Feb	9-Feb	6-Feb	12-Jan
1 Year	8.00	7.90	7.90	7.88
5 Year	7.65	7.62	7.62	7.73
10 Year	7.60	7.60	7.60	7.68

CD	13-Feb	9-Feb	6-Feb	12-Jan
3 Month	7.90	7.85	7.80	7.55
6 Month	7.90	7.90	7.85	7.70
1 Year	7.85	7.85	7.85	7.90

CP	13-Feb	9-Feb	6-Feb	12-Jan
3 Month	8.00	7.95	7.95	7.80
6 Month	8.00	8.00	7.95	7.85
1 Year	8.00	8.00	8.00	8.00

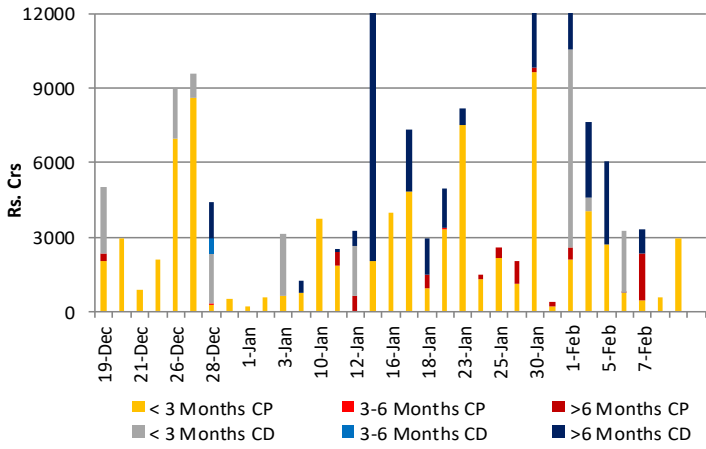
OIS Rate	13-Feb	9-Feb	6-Feb	12-Jan
1 Year	6.70	6.68	6.60	6.63
2 Year	6.40	6.38	6.28	6.29
3 Year	6.36	6.34	6.24	6.24
5 Year	6.32	6.29	6.21	6.20

	13-Feb	9-Feb	6-Feb	12-Jan
Sensex	71,555	71,595	72,186	72,568
Nifty	21,743	21,783	21,929	21,895
USD/INR	83.00	83.04	83.06	82.92
Gold (USD)	2,028	2,024	2,035	2,049
Oil (USD)	82.63	82.19	78.59	78.29

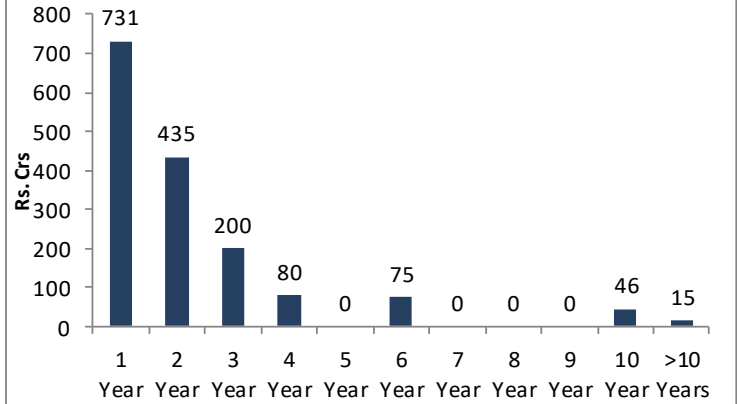
NDF	13-Feb	9-Feb	6-Feb	12-Jan
3 Month	83.30	83.32	83.34	83.20
1 Year	84.48	84.50	84.52	84.43
2 Year	86.89	86.75	86.77	86.91
3 Year	89.68	89.40	89.42	89.81



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	13-Feb	9-Feb	6-Feb	12-Jan
India	7.10	7.11	7.09	7.18
US	4.16	4.19	4.09	3.95
South Korea	3.46	3.40	3.38	3.31
Russia	12.51	12.49	12.40	12.67
Brazil	10.75	10.68	10.57	10.52
Germany	2.34	2.38	2.30	2.14
China	2.46	2.46	2.46	2.52

Top Traded Securities	Volume	7-Feb	6-Feb	31-Jan	9-Jan
7.26 2033	520	7.10	7.12	7.18	7.22
7.06 2028	115	7.03	7.04	7.04	7.08
7.62 2039	-	7.10	7.12	7.18	7.22
7.30 2053	200	7.13	7.15	7.27	7.42
6.64 2035	15	7.10	7.12	7.22	7.28
7.40 2035	285	7.11	7.12	7.22	7.32

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
9-Feb-24	9543	10206	-664

EQUITY	Gross Purchase	Gross Sales	Net Investment
	5912	9839	-3927

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
15455	20046	-4591

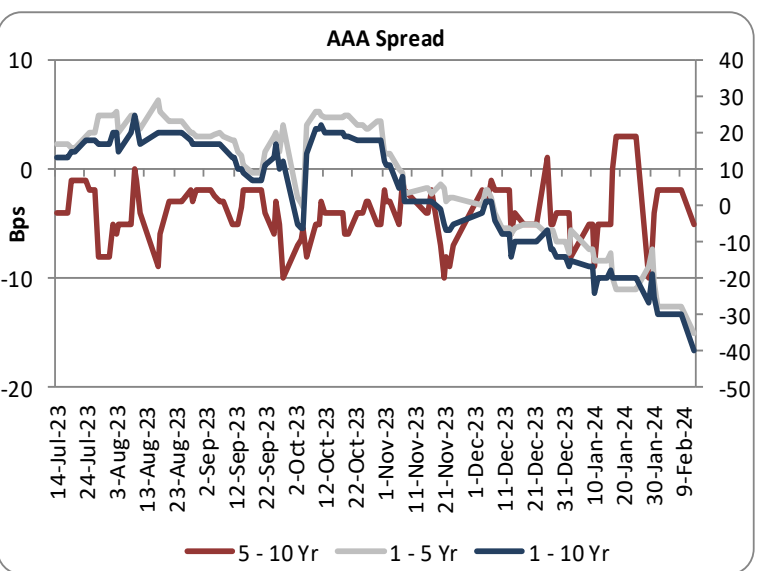
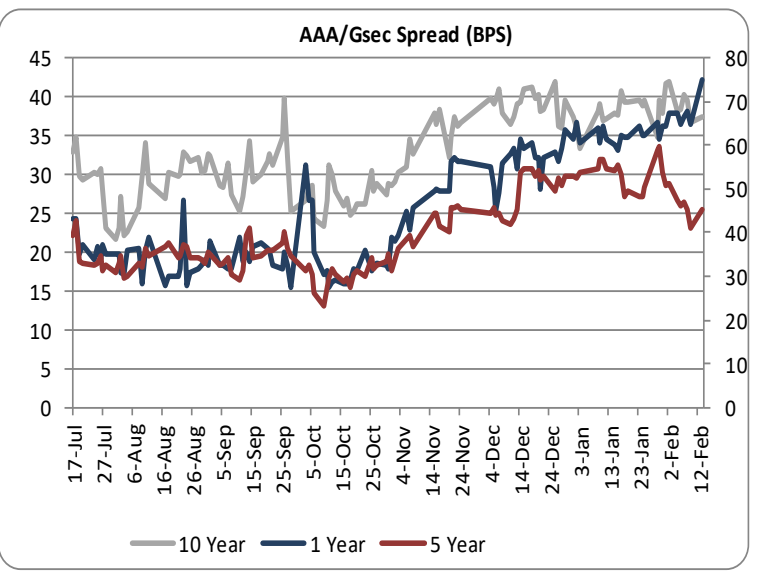
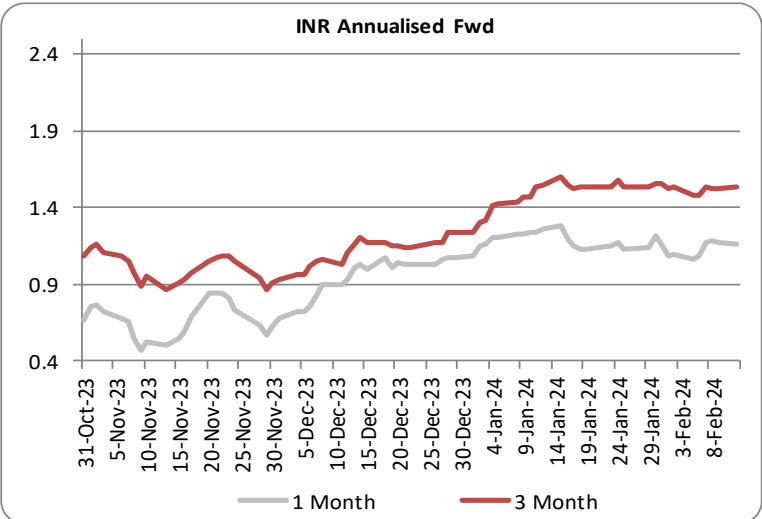
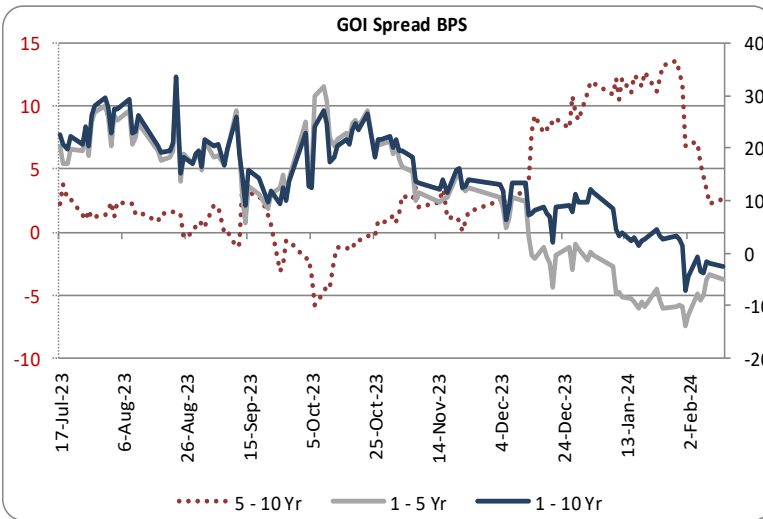
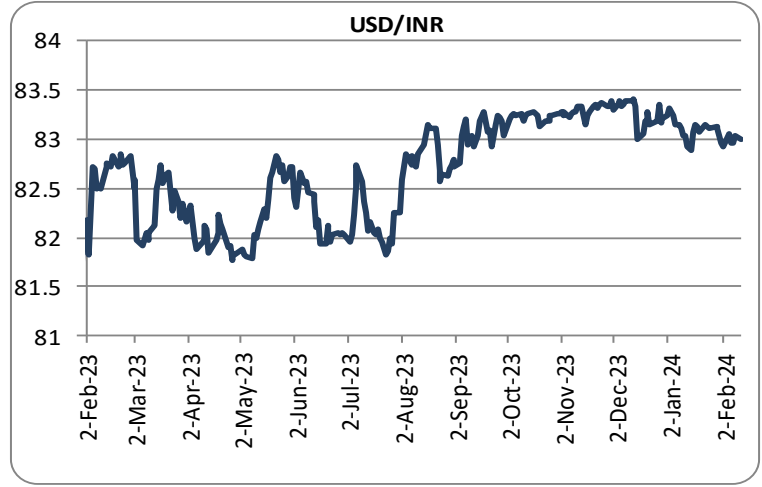
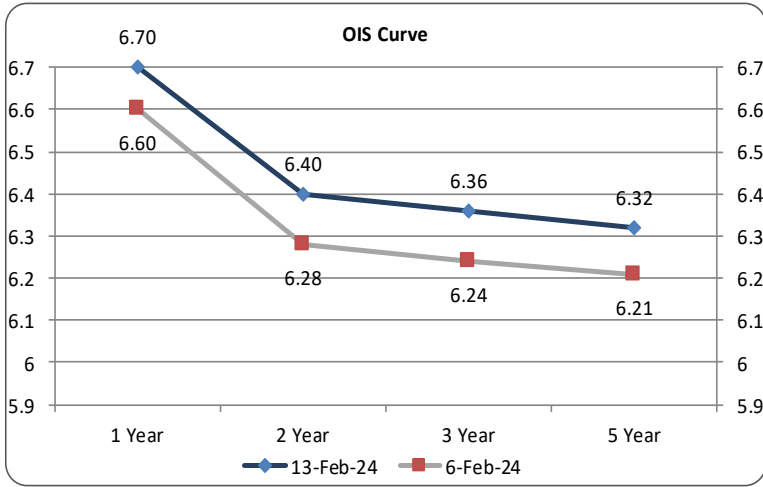
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
13-Feb-24	907	178	729

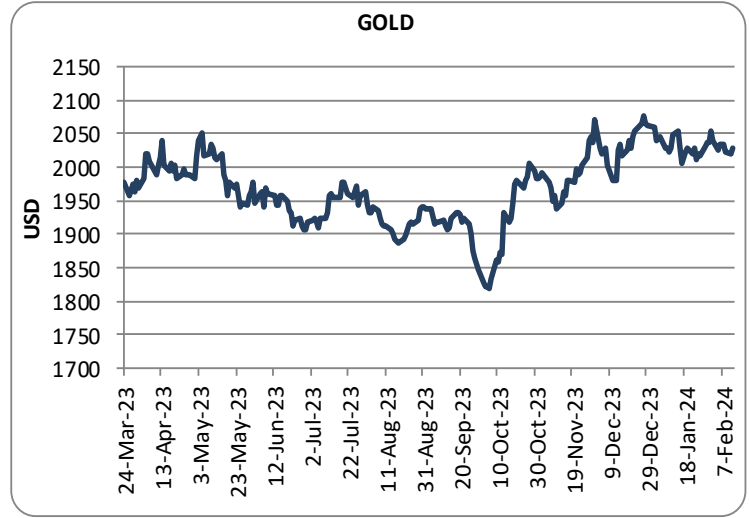
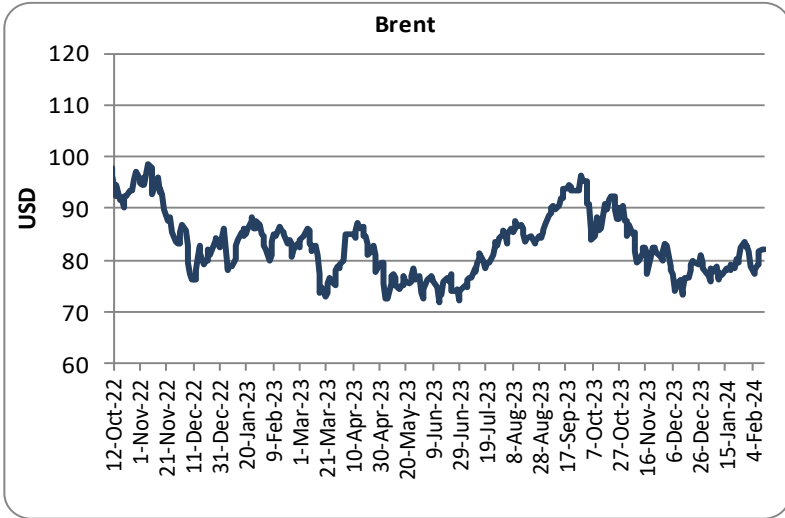
EQUITY	Gross Purchase	Gross Sales	Net Investment
	9179	8959	220

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
10086	9137	949

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Sep-23	-8.3	-9.2
Trade Deficit (\$ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Dec-23	0.7	0.3
CPI (%)	Jan-24	5.1	5.7
IIP (%)	Dec-23	3.8	2.4
PMI Manufacturing	Jan-24	56.5	54.9
PMI Service	Jan-24	61.8	59

Economic Calender	Country	Date	Poll	Prior
CPI	USA	13-Feb-24	2.9	3.4
WPI	India	14-Feb-24	0.53	0.73
CPI	UK	14-Feb-24	4.20	4.00
Industrial Production	Euro Zone	14-Feb-24	(4.10)	(6.80)
Industrial Output	UK	15-Feb-24	(0.40)	(0.10)
Industrial Output	Poland	20-Feb-24	-	(3.90)
CPI	Canada	20-Feb-24	-	3.40
Retail Sales	Poland	22-Feb-24	-	0.50





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

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