



# BONDWATCH

Daily

INDIA

June 13, 2023

Indian government bond yields ended lower for the second straight session on Tuesday as retail inflation eased to an over-two-year low, moving closer to the Reserve Bank of India's (RBI) target of 4%.

The benchmark 7.26% 2033 bond yield ended at 6.9998%, after closing lower at 7.0184% in the previous session. The benchmark yield dropped two basis points on Monday, in anticipation of a lower inflation reading.

Retail inflation eased to 4.25% in May from 4.7% in April, moving closer to the RBI's target of 4% and staying within its 2%-6% range for the third straight month.

Last week, while maintaining the monetary policy rate and stance unchanged, the RBI said it would do "whatever is necessary to ensure that long-term inflation expectations remain firmly anchored".

The focus now shifts to global developments as U.S. retail inflation data for May is due later in the day. Data is expected to show that the U.S. core inflation rate rose 0.4% on-month, well above the pace that is required to bring it back to the Federal Reserve's medium-term target.

This would be followed by the Fed policy decision on Wednesday. The odds of a pause by the U.S. central bank currently stand around 75%. The Fed has raised rates by 500 bps since March 2022.

The Indian rupee strengthened 0.07% versus the U.S. dollar, and quoted at 82.3675 per dollar as the dollar fell ahead of the U.S. inflation data and Federal Reserve rate decision.

Repo: The weighted average call rates in the interbank segment decreased to 6.40% vs 6.48% as on the previous day while that the TREP segment decreased to 6.34% vs 6.36% as on the previous day.

GOI Yield	13-Jun	12-Jun	6-Jun	12-May
1 Year	6.850	6.850	6.850	7.005
5 Year	6.943	6.957	6.908	6.947
10 Year	7.000	7.018	6.978	6.994

AAA Bmk	13-Jun	12-Jun	6-Jun	12-May
1 Year	7.40	7.40	7.40	7.45
5 Year	7.48	7.48	7.43	7.48
10 Year	7.40	7.40	7.40	7.50

CD	13-Jun	12-Jun	6-Jun	12-May
3 Month	6.98	6.98	6.85	7.15
6 Month	7.20	7.20	7.15	7.35
1 Year	7.40	7.40	7.40	7.50

CP	13-Jun	12-Jun	6-Jun	12-May
3 Month	7.08	7.08	6.95	7.25
6 Month	7.30	7.30	7.25	7.45
1 Year	7.50	7.50	7.50	7.60

OIS Rate	13-Jun	12-Jun	6-Jun	12-May
1 Year	6.61	6.63	6.58	6.61
2 Year	6.27	6.32	6.23	6.23
3 Year	6.17	6.22	6.11	6.07
5 Year	6.12	6.16	6.04	6.03

	13-Jun	12-Jun	6-Jun	12-May
Sensex	63,143	62,725	62,793	62,028
Nifty	18,716	18,602	18,599	18,315
USD/INR	82.37	82.43	82.61	82.16
Gold (USD)	1,964	1,957	1,963	2,011
Oil (USD)	73.37	71.84	76.29	74.17

NDF	13-Jun	12-Jun	6-Jun	12-May
3 Month	82.62	82.64	82.79	82.61
1 Year	83.71	83.73	83.94	83.99
2 Year	85.79	85.80	86.15	86.43
3 Year	88.81	88.55	88.90	89.33

## Market Observations

### G-sec

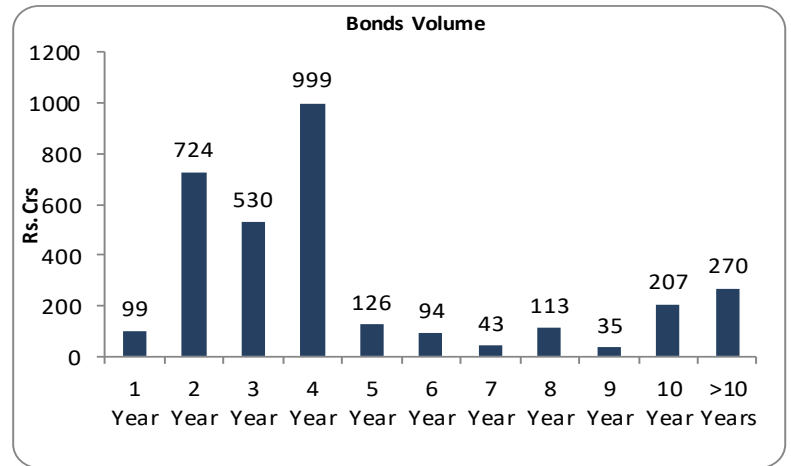
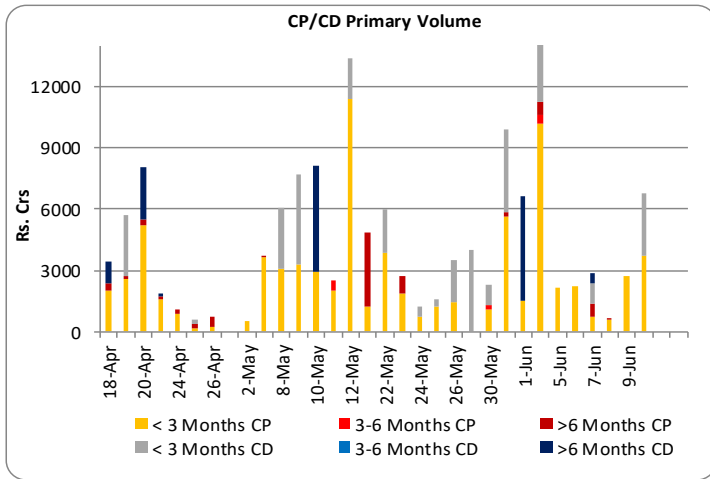
- SDLs cut off was in line with market expectations.
- Sell offs was seen in T-bills across the curve, majorly in the shorter end.

### Corporate Bonds

- Corporates were selling in the shorter segment and mutual funds were active in the 2025-2026 segment.
- Pension funds were buying in the longer segment.

### CP/CD

- Market was active in the 3-month segment.



10 Year Benchmarks	13-Jun	12-Jun	6-Jun	12-May
India	7.00	7.02	6.98	7.00
US	3.73	3.77	3.70	3.46
South Korea	3.58	3.57	3.56	3.27
Russia	10.88	10.86	10.82	10.69
Brazil	11.32	11.26	11.17	11.84
Germany	2.37	2.38	2.37	2.27
China	2.66	2.69	2.71	2.71

Top Traded Securities	Volume	13-Jun	12-Jun	6-Jun	12-May
5.74 2026	805	6.92	#N/A	6.89	6.92
7.38 2027	25	6.94	6.96	6.91	6.95
7.10 2029	-	6.99	7.00	6.95	7.00
6.54 2032	10	7.06	7.07	7.03	7.06
7.26 2032	#VALUE!	7.05	7.06	7.02	7.04
7.54 2036	-	7.12	7.13	7.09	7.09

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
9-Jun-23	4741	3857	884

EQUITY	Gross Purchase	Gross Sales	Net Investment
	8994	9038	-44

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
13735	12895	840

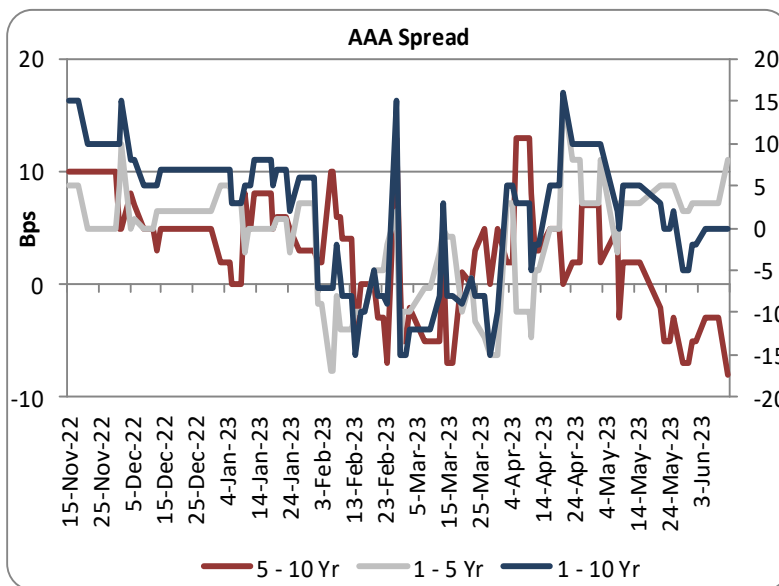
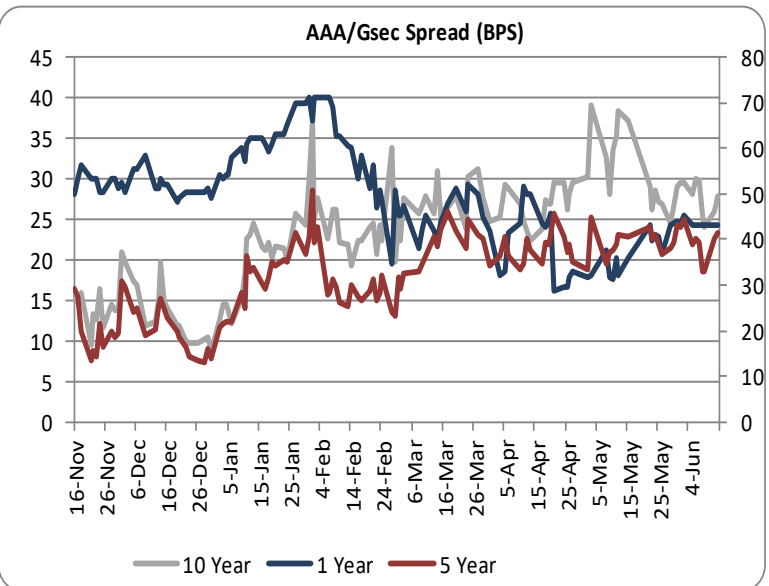
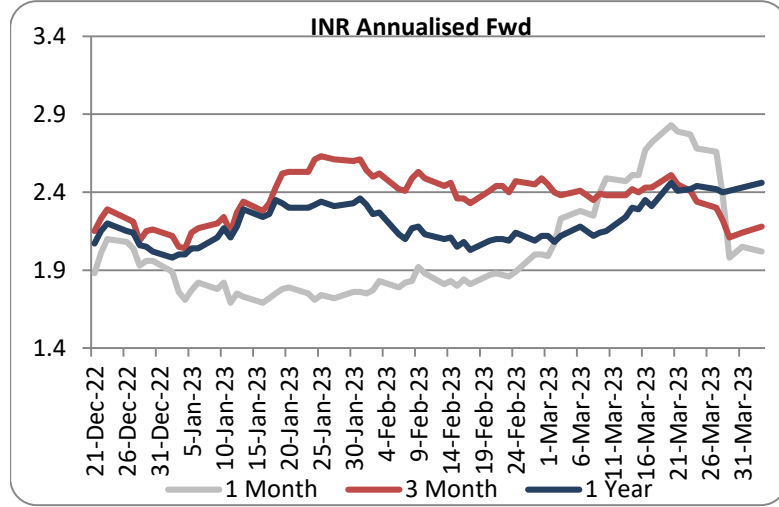
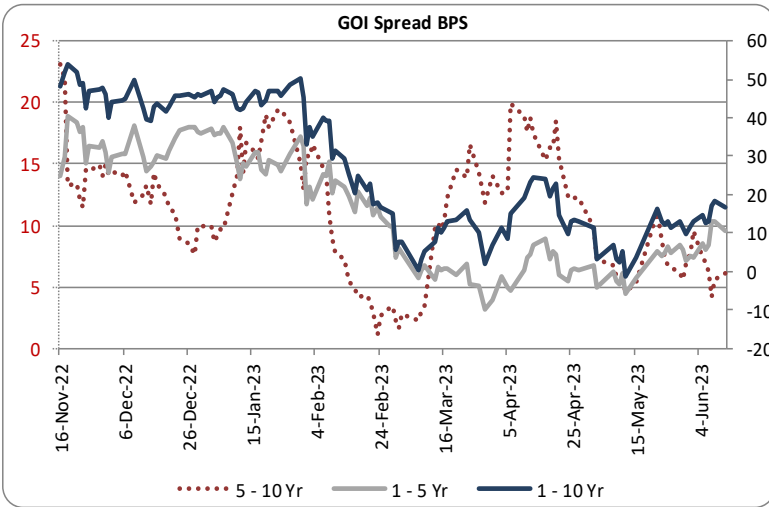
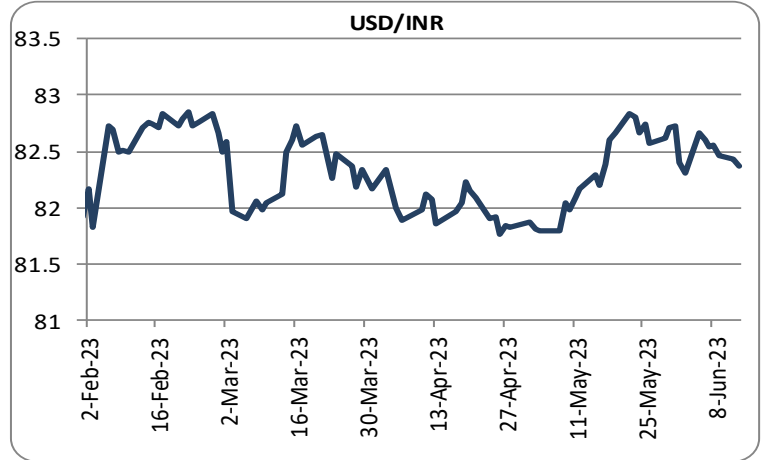
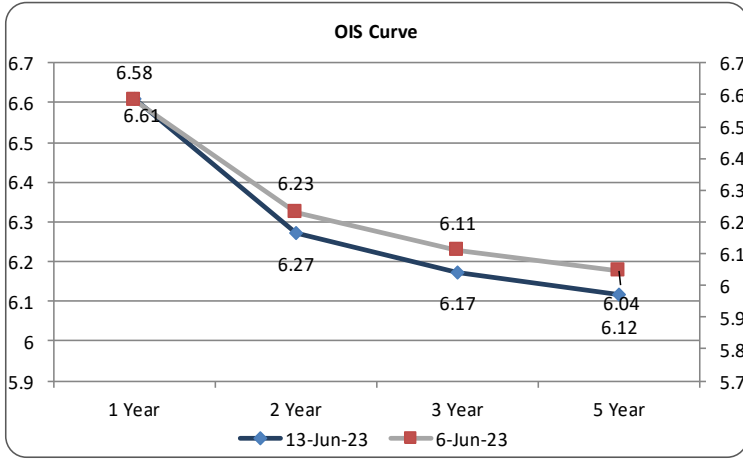
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
13-Jun-23	629	393	235

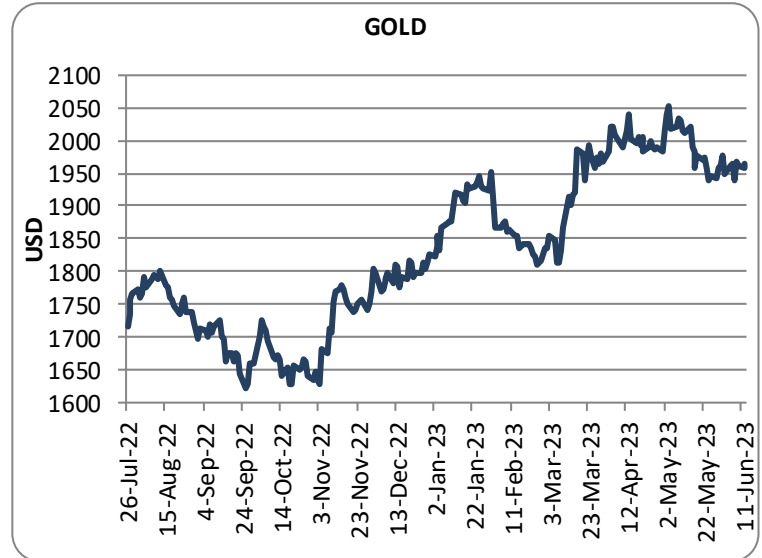
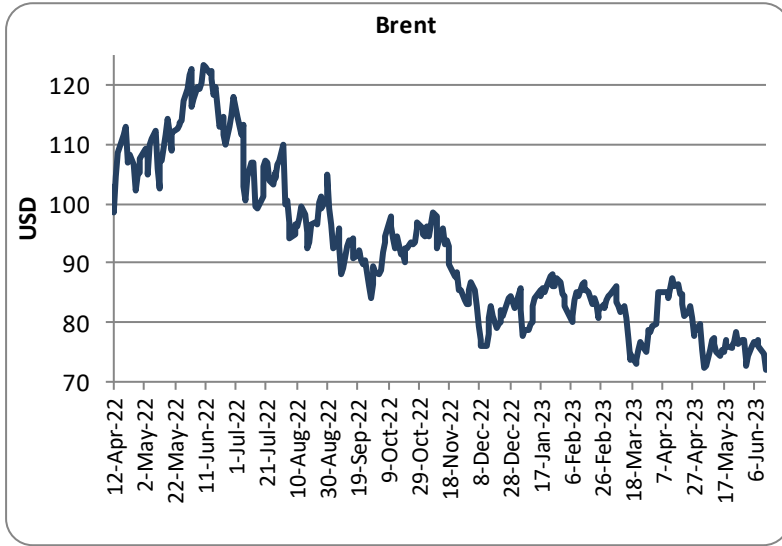
EQUITY	Gross Purchase	Gross Sales	Net Investment
	6336	6931	-594

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
6965	7324	-359

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Apr-23	-0.9	1.3
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	May-23	58.7	57.2
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
Repo Rate	India	8-Jun-23	6.5	6.5
GDP YY	Euro Zone	08-Jun-23	1.20	1.30
CPI	China	09-Jun-23	-	0.10
CPI	Russia	09-Jun-23	2.40	2.30
CPI	Germany	13-Jun-23	-	6.10
GDP YY	UK	14-Jun-23	-	0.30
WPI	India	14-Jun-23	-	(0.92)
Retail Sales	Brazil	14-Jun-23	-	3.20





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

**LKP SECURITIES LTD.**, 203, Embassy Centre, Nariman Point, Mumbai- 400021

The information in this document has been printed based on publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand, or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.

For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

Visit our website - <http://www.lkpsec.com/>