



BONDWATCH

Daily

INDIA

March 13, 2023

The 10-year benchmark 7.26% 2032 bond yield ended at 7.3579%, lowest since Feb. 16, after closing at 7.4321% on Friday. The yield posted its biggest single-session drop since Oct. 4.

The 10-year U.S. Treasury yield fell 22 basis points on Friday and dropped 14 bps more, and was at 3.5487%.

Yield on the two-year bond fell 31 bps on Friday and was down 39 bps on Monday trading at 4.1926%.

The Fed Fund futures have assigned a 56% probability for a 25-bps hike next week, with a 44% probability of a status quo. The odds for a 50-bps hike had risen to 68% last week after the Fed Chair's remarks.

Meanwhile, retail inflation in India likely eased to 6.35% last month but stayed above the Reserve Bank of India's (RBI) upper tolerance limit for a second straight month. Inflation in January stood at 6.52%.

The RBI is likely to increase repo rate by 25 bps in April to 6.75%, after raising the same by 250 bps in this financial year.

The Indian rupee weakened 0.11% versus the U.S. dollar, and quoted at 82.12 per dollar as weak risk sentiment owing to a U.S. lender's collapse saw equities fall and the dollar index recover.

Repo: The weighted average call rates in the interbank segment increased to 6.34% vs 6.31% as on the previous day while that the TREP segment decreased to 6.23% vs 6.24% as on the previous day.

GOI Yield	13-Mar	10-Mar	3-Mar	13-Feb
1 Year	7.280	7.380	7.340	7.070
5 Year	7.260	7.398	7.389	7.292
10 Year	7.358	7.432	7.416	7.365

AAA Bmk	13-Mar	10-Mar	3-Mar	13-Feb
1 Year	7.83	7.97	7.95	7.80
5 Year	7.80	7.90	7.85	7.68
10 Year	7.75	7.85	7.83	7.72

CD	13-Mar	10-Mar	3-Mar	13-Feb
3 Month	7.45	7.45	7.65	7.25
6 Month	7.65	7.65	7.85	7.60
1 Year	7.85	7.85	7.93	7.80

CP	13-Mar	10-Mar	3-Mar	13-Feb
3 Month	7.55	8.00	7.85	7.35
6 Month	7.75	8.20	8.10	7.70
1 Year	8.05	8.30	8.15	7.82

OIS Rate	13-Mar	10-Mar	3-Mar	13-Feb
1 Year	6.86	7.02	7.05	6.86
2 Year	6.48	6.67	6.74	6.52
3 Year	6.41	6.57	6.66	6.41
5 Year	6.41	6.56	6.65	6.44

	13-Mar	10-Mar	3-Mar	13-Feb
Sensex	58,238	59,135	59,809	60,432
Nifty	17,154	17,413	17,594	17,771
USD/INR	82.12	82.04	81.97	82.72
Gold (USD)	1,883	1,868	1,855	1,853
Oil (USD)	81.51	82.78	85.83	86.61

NDF	13-Mar	10-Mar	3-Mar	13-Feb
3 Month	82.69	82.54	82.22	83.08
1 Year	84.01	83.91	83.40	84.39
2 Year	86.33	85.98	85.42	86.29
3 Year	89.25	88.80	88.10	88.79

Market Observations

G-sec

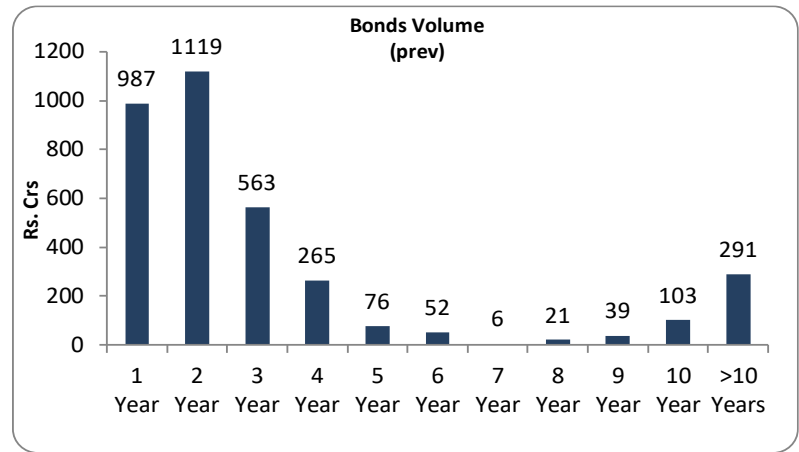
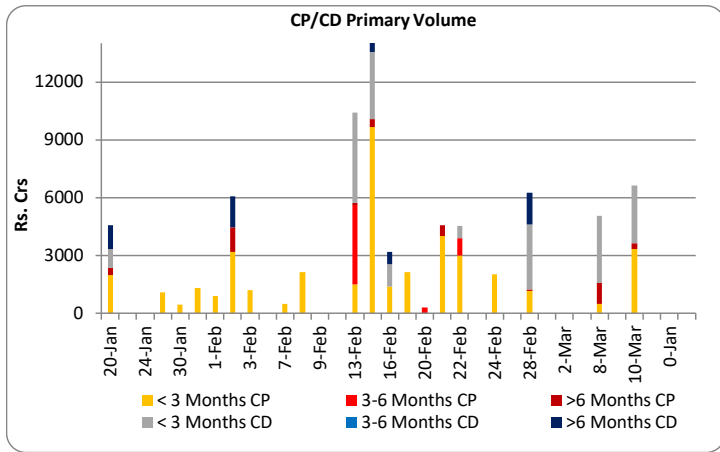
- Demand was seen in T-bills. Levels were better by 5 to 10 bps in T-bills up to 1yr maturity.
- Demand was seen in 30- and 40-year Gsec by foreign banks at 7.49%.

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	13-Mar	10-Mar	3-Mar	13-Feb
India	7.37	7.43	7.42	7.37
US	3.60	3.70	3.96	3.72
South Korea	3.40	3.58	3.78	3.43
Russia	10.95	10.92	11.01	10.89
Brazil	13.18	13.18	13.58	13.43
Germany	2.32	2.50	2.71	2.37
China	2.88	2.88	2.92	2.90

Top Traded Securities	Volume	13-Mar	10-Mar	3-Mar	13-Feb
5.74 2026	420	7.26	7.39	7.36	7.26
7.38 2027	-	7.28	7.40	7.39	7.29
7.10 2029	65	7.35	7.42	7.40	7.34
6.54 2032	-	7.38	7.45	7.43	7.38
7.26 2032	-	7.37	7.43	7.42	7.36
7.54 2036	-	7.46	7.49	7.46	7.45

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
10-Mar-23	1892	1540	352

EQUITY		
Gross Purchase	Gross Sales	Net Investment
3637	3786	-148

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5529	5326	203

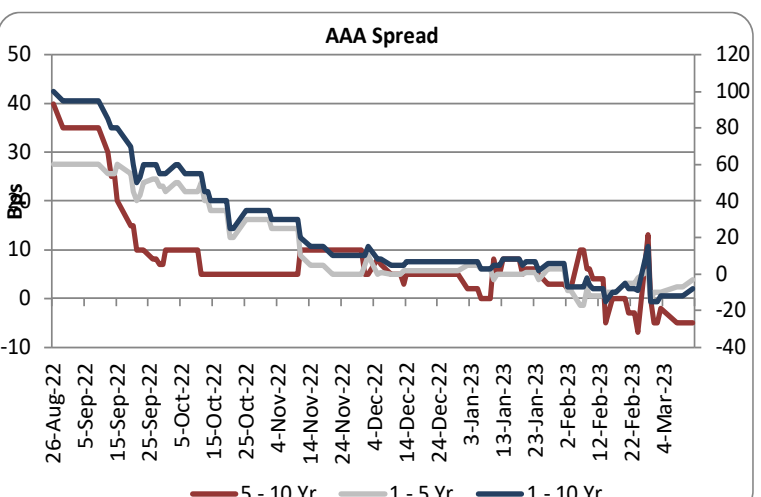
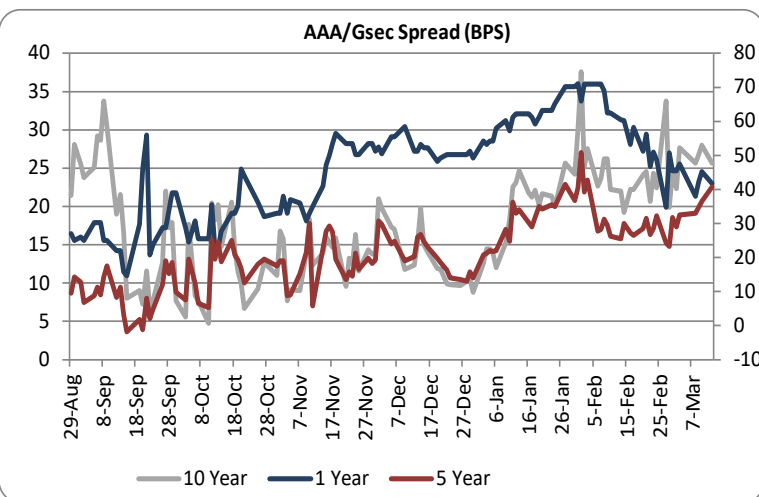
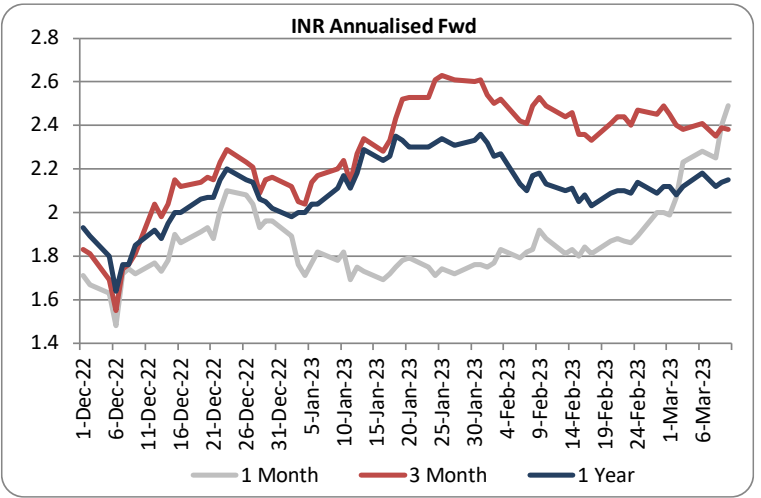
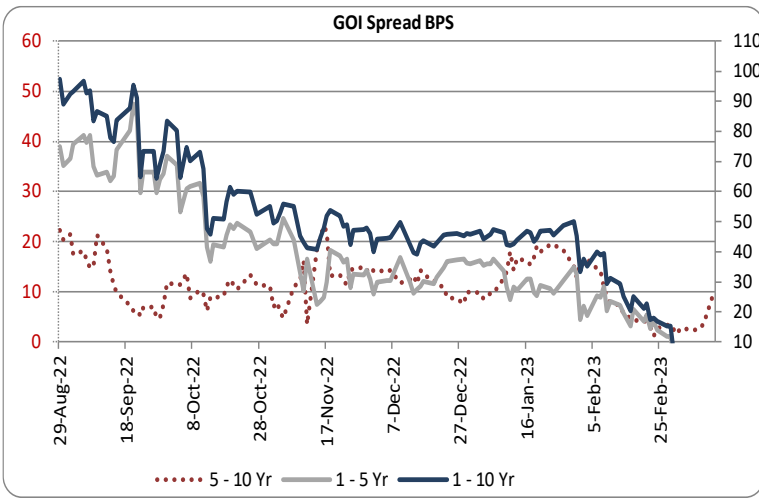
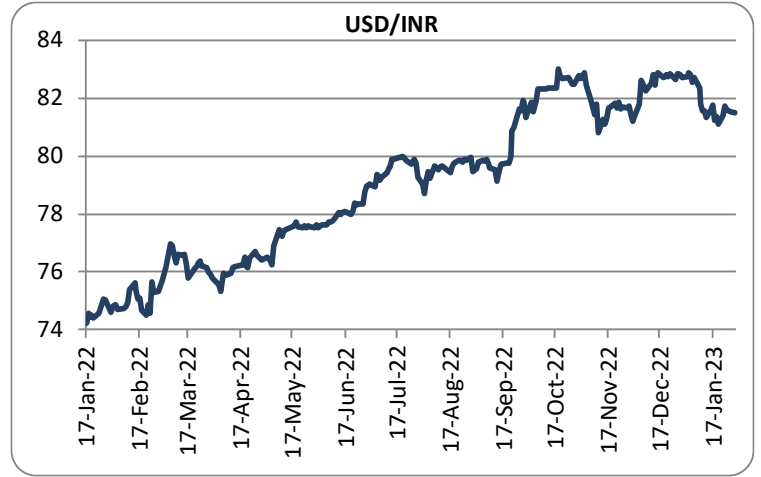
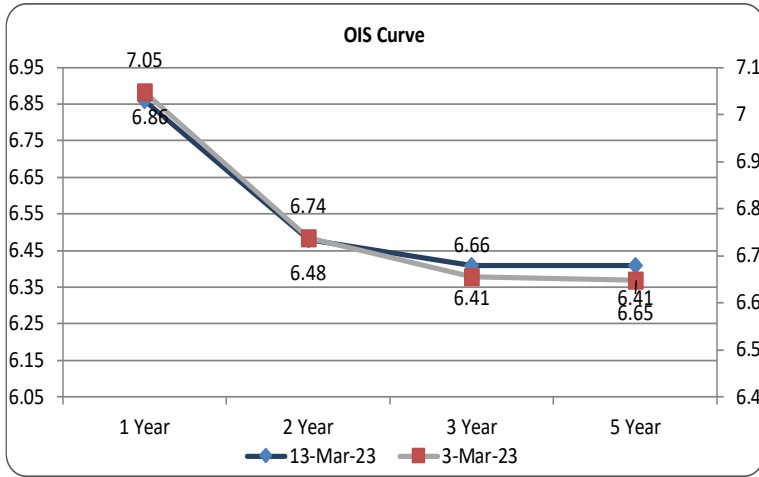
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
13-Mar-23	124	858	-735

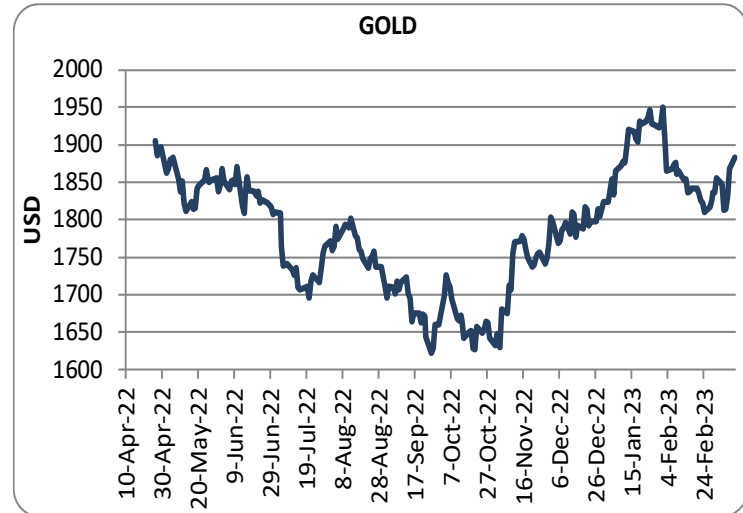
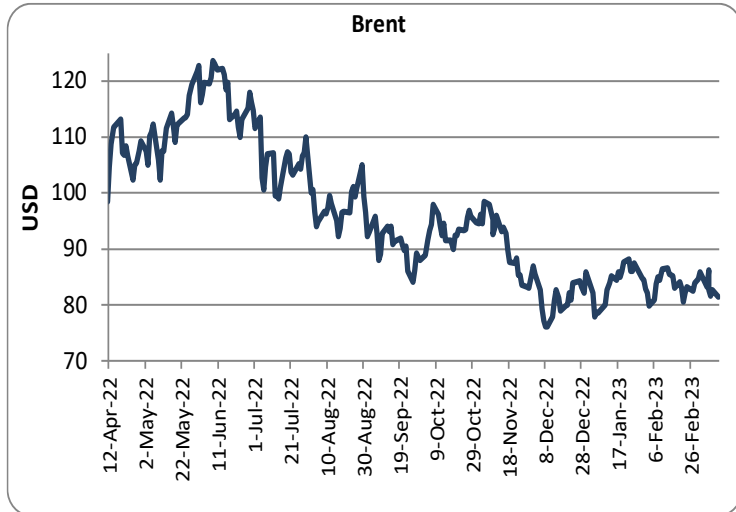
EQUITY		
Gross Purchase	Gross Sales	Net Investment
5160	6925	-1764

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
5284	7783	-2499

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.

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/>