



# BONDWATCH

Daily

May 13, 2024

INDIA

Indian government bond yields ended a tad lower at the start of the week as some traders - expecting a slight cooling - bought positions ahead of domestic inflation data due after market hours on Monday.

The benchmark 10-year yield ended at 7.1157%, following its previous close of 7.1276%.

India's retail inflation is likely to have eased to 4.80% in April, just shy of March's rate as per market participants. The local data would be followed by U.S. inflation print, which is due on Wednesday, with the reading for 12 months to April expected at 3.6%, down from 3.8% in March, while core inflation is expected at 0.3% on a month-on-month basis.

The 10-year U.S. bond yield continued to remain around the critical 4.50% mark, as investors would take directional triggers from inflation data, that is a major factor in driving the interest rate trajectory in the world's largest economy.

Meanwhile, market participants also eye the response to the government's second debt buy back in two weeks. The Government aims to buy back securities worth up to 600 billion rupees (\$7.19 billion) maturing in this financial year on Thursday.

This comes after the central bank accepted offers worth only around 105 billion rupees last week, against a notified amount of 400 billion rupees, in what was the first buy back in six years.

The Indian rupee weakened 0.04% versus the U.S. dollar, and quoted at 83.52 per dollar, tracking a decline in most regional peers ahead of data that could help gauge the timing of a policy reversal by the Federal Reserve.

Repo: The weighted average call rates in the interbank segment decreased to 6.72% vs 6.73% as on the previous day while that the TREP segment decreased to 6.70% vs 6.71% as on the previous day.

## Market Observations

### G-sec

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

### Corporate Bonds

- Major activity was seen in the MMY segment and the 2025-2029 segment.

- Mutual funds and banks were active on the buying side as well as selling side.

### CP/CD

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

| GOI Yield | 13-May | 10-May | 6-May | 15-Apr |
|-----------|--------|--------|-------|--------|
| 1 Year    | 7.040  | 7.050  | 7.040 | 7.020  |
| 5 Year    | 7.097  | 7.109  | 7.098 | 7.159  |
| 10 Year   | 7.116  | 7.128  | 7.107 | 7.178  |

| AAA Bmk | 13-May | 10-May | 6-May | 15-Apr |
|---------|--------|--------|-------|--------|
| 1 Year  | 7.65   | 7.65   | 7.72  | 7.70   |
| 5 Year  | 7.70   | 7.70   | 7.71  | 7.69   |
| 10 Year | 7.58   | 7.58   | 7.55  | 7.55   |

| CD      | 13-May | 10-May | 6-May | 15-Apr |
|---------|--------|--------|-------|--------|
| 3 Month | 7.30   | 7.35   | 7.20  | 7.20   |
| 6 Month | 7.50   | 7.50   | 7.45  | 7.35   |
| 1 Year  | 7.70   | 7.65   | 7.65  | 7.50   |

| CP      | 13-May | 10-May | 6-May | 15-Apr |
|---------|--------|--------|-------|--------|
| 3 Month | 7.40   | 7.45   | 7.30  | 7.35   |
| 6 Month | 7.60   | 7.60   | 7.55  | 7.45   |
| 1 Year  | 7.80   | 7.75   | 7.75  | 7.60   |

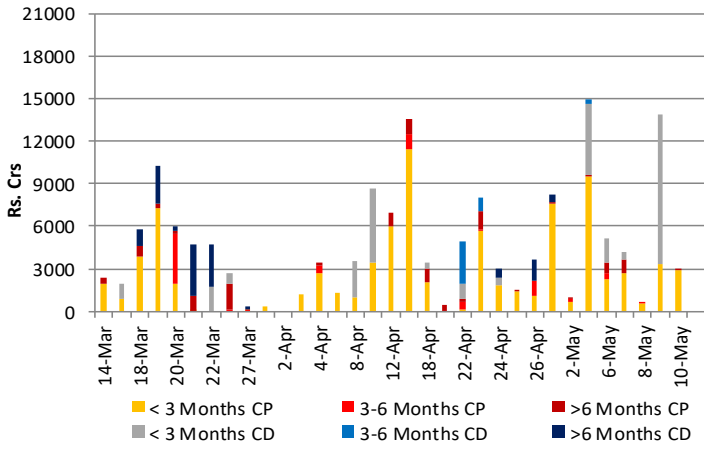
| OIS Rate | 13-May | 10-May | 6-May | 15-Apr |
|----------|--------|--------|-------|--------|
| 1 Year   | 6.82   | 6.82   | 6.80  | 6.85   |
| 2 Year   | 6.56   | 6.57   | 6.53  | 6.61   |
| 3 Year   | 6.51   | 6.52   | 6.49  | 6.59   |
| 5 Year   | 6.48   | 6.49   | 6.46  | 6.54   |

|            | 13-May | 10-May | 6-May  | 15-Apr |
|------------|--------|--------|--------|--------|
| Sensex     | 72,776 | 72,664 | 73,896 | 73,400 |
| Nifty      | 22,104 | 22,055 | 22,443 | 22,273 |
| USD/INR    | 83.53  | 83.50  | 83.49  | 83.45  |
| Gold (USD) | 2,341  | 2,360  | 2,324  | 2,383  |
| Oil (USD)  | 83.19  | 82.79  | 83.33  | 90.10  |

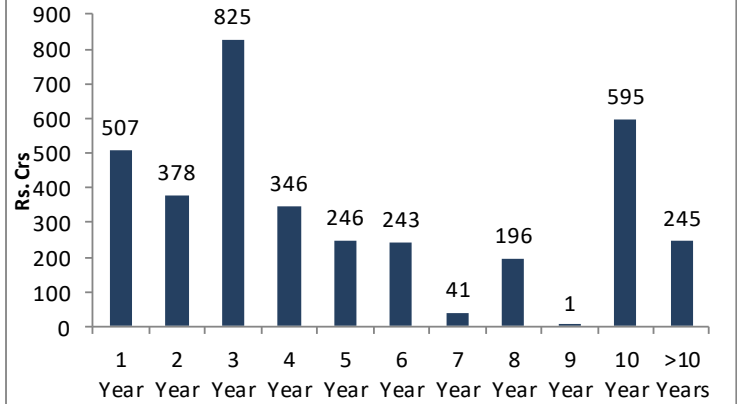
| NDF     | 13-May | 10-May | 6-May | 15-Apr |
|---------|--------|--------|-------|--------|
| 3 Month | 83.74  | 83.80  | 83.62 | 83.73  |
| 1 Year  | 84.84  | 84.94  | 84.88 | 84.82  |
| 2 Year  | 87.15  | 87.05  | 86.93 | 86.83  |
| 3 Year  | 89.72  | 89.52  | 89.28 | 89.28  |



CP/CD Primary Volume



Bonds Volume (prev.)



| 10 Year Benchmarks | 13-May | 10-May | 6-May | 15-Apr |
|--------------------|--------|--------|-------|--------|
| India              | 7.12   | 7.13   | 7.11  | 7.18   |
| US                 | 4.48   | 4.50   | 4.49  | 4.63   |
| South Korea        | 3.55   | 3.54   | 3.61  | 3.56   |
| Russia             | 14.69  | 14.67  | 14.63 | 14.32  |
| Brazil             | 11.77  | 11.77  | 11.53 | 11.60  |
| Germany            | 2.50   | 2.52   | 2.48  | 2.43   |
| China              | 2.30   | 2.32   | 2.32  | 2.28   |

| Top Traded Securities | Volume | 9-May | 8-May | 2-May | 8-Apr |
|-----------------------|--------|-------|-------|-------|-------|
| 7.26 2033             | 165    | 7.16  | 7.16  | 7.19  | 7.17  |
| 7.06 2028             | 195    | 7.13  | 7.13  | 7.17  | 7.13  |
| 7.62 2039             | -      | 7.21  | 7.19  | 7.22  | 7.18  |
| 7.30 2053             | 1,050  | 7.22  | 7.23  | 7.27  | 7.24  |
| 6.64 2035             | 50     | #N/A  | 7.17  | 7.22  | 7.20  |
| 7.40 2035             | -      | 7.19  | 7.18  | 7.21  | 7.18  |

| MF       | DEBT           |             |                |
|----------|----------------|-------------|----------------|
|          | Gross Purchase | Gross Sales | Net Investment |
| 9-May-24 | 13183          | 8860        | 4323           |

| EQUITY | Gross Purchase | Gross Sales | Net Investment |
|--------|----------------|-------------|----------------|
|        | 8494           | 11372       | -2879          |

| TOTAL (Rs.Crs) |             |                |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 21676          | 20232       | 1444           |

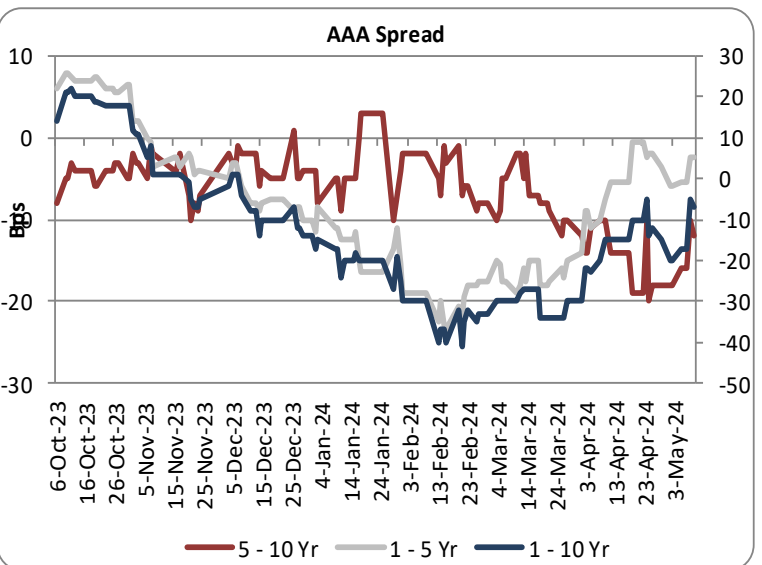
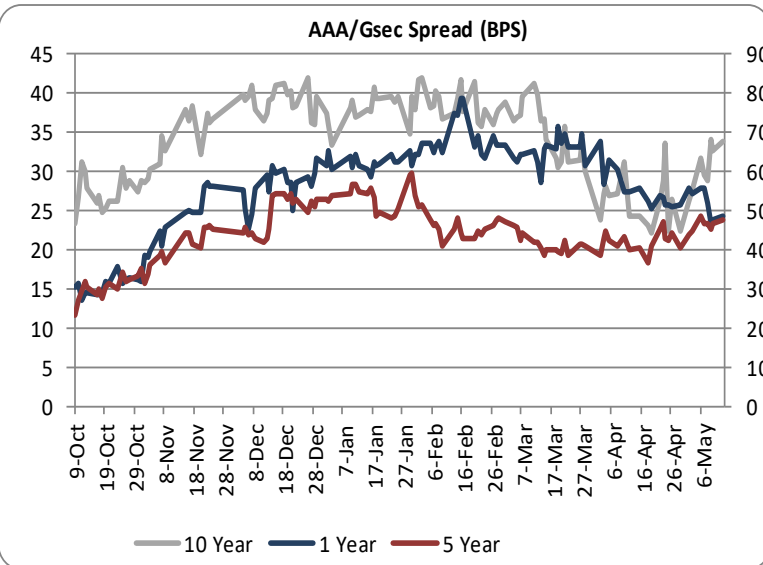
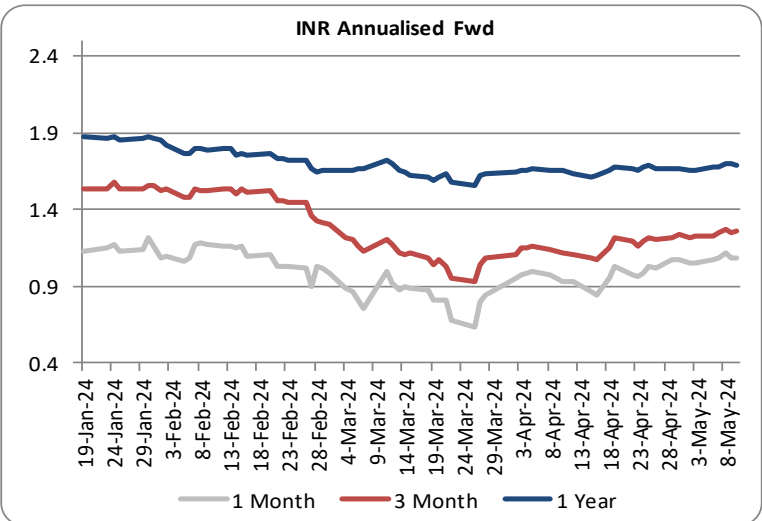
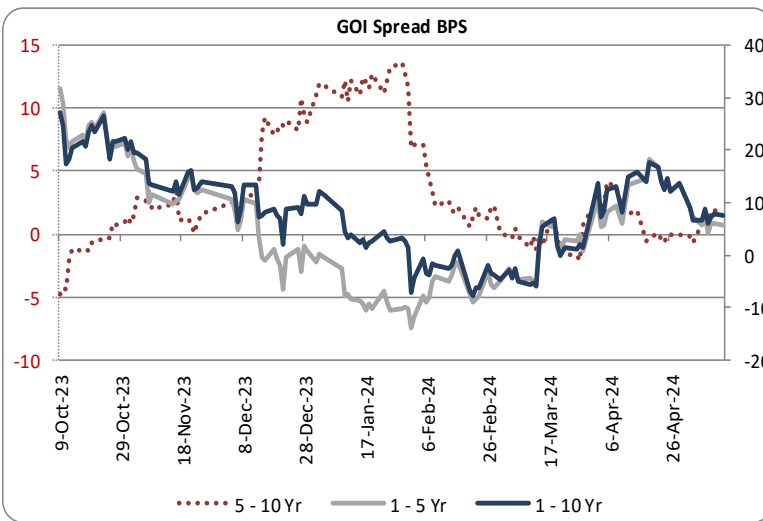
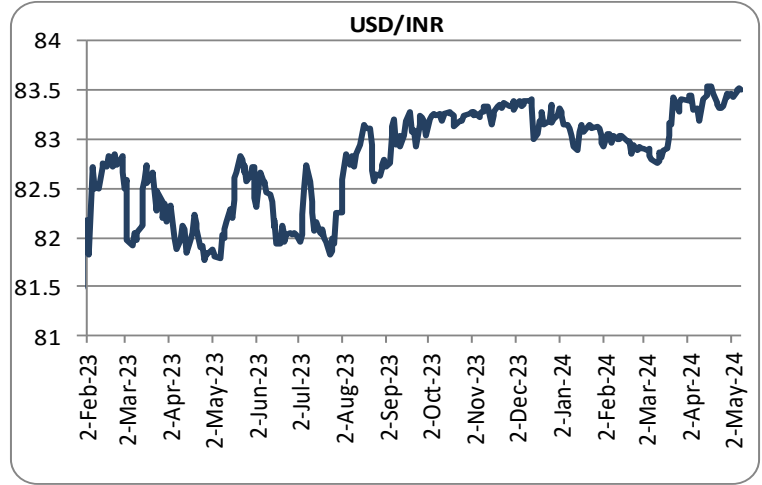
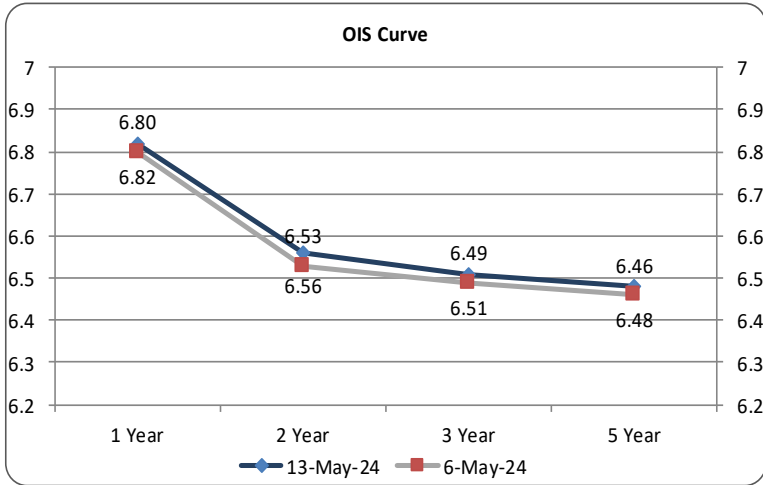
| FII       | DEBT           |             |                |
|-----------|----------------|-------------|----------------|
|           | Gross Purchase | Gross Sales | Net Investment |
| 13-May-24 | 1823           | 1242        | 581            |

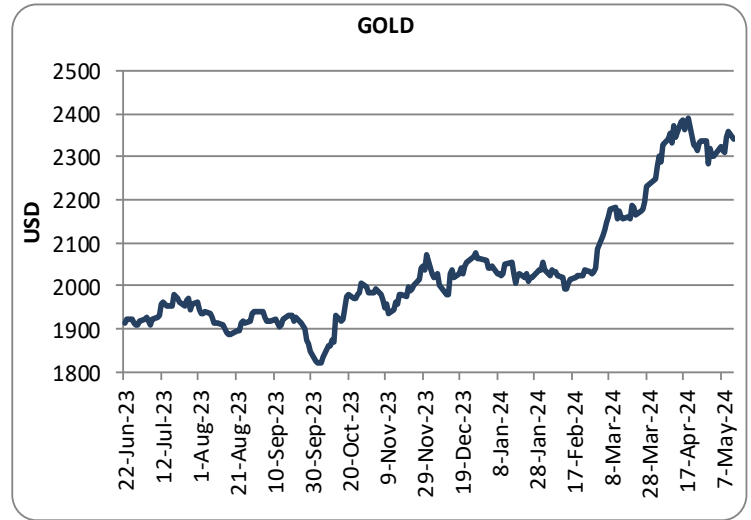
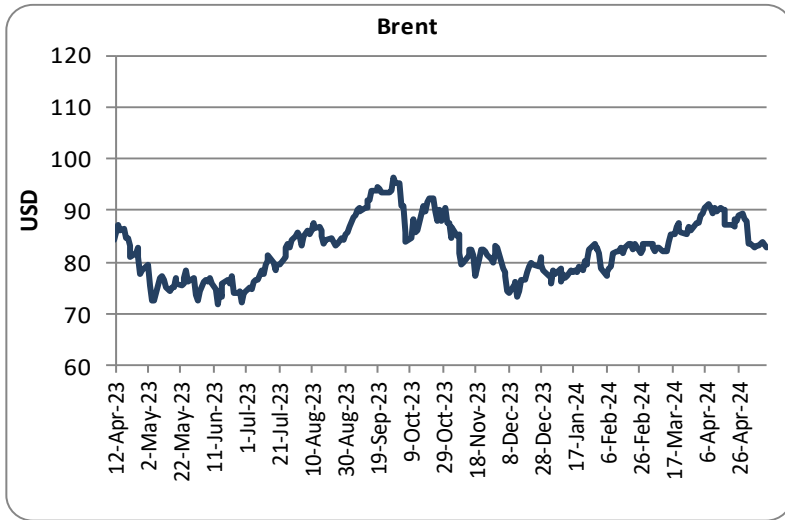
| EQUITY | Gross Purchase | Gross Sales | Net Investment |
|--------|----------------|-------------|----------------|
|        | 12192          | 13484       | -1292          |

| TOTAL (Rs. Crs) |             |                |
|-----------------|-------------|----------------|
| Gross Purchase  | Gross Sales | Net Investment |
| 14015           | 14726       | -711           |

| 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 (%)               | Mar-24 | 4.9    | 5.6   |
| 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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