



Indian government bond yields ended sharply lower on Thursday, with the 10-year yield hitting a near one-month low, after the U.S. Federal Reserve projected three rate cuts in 2024.

The benchmark 10-year bond yield ended at 7.1969%, its lowest level since Nov. 17, after ending the previous session at 7.2581%.

The 10-year U.S. yield fell to its lowest since August, driven by projection by 17 out of 19 Fed officials that the policy rate will be lower by the end of 2024. The 10-year U.S. yield plunged 17 basis points (bps) on Wednesday, and was hovering around 3.9488% during Asian hours.

The median projections now indicate a decline of three-quarters of a percentage point from the current 5.25-5.50% range for the Fed funds rate.

Markets are now projecting a 77% chance of the Fed cutting rates in March, with over 100 basis points (bps) of cuts priced in for next year.

Last week, the Reserve Bank of India maintained its key repo rate at 6.50% for the fifth consecutive meeting, signaling continued tight monetary policy as it monitors inflation risks.

Market participants await Friday's weekly debt auction for further cues. Government bond market aims to raise 330 billion rupees (\$3.96 billion) via bonds, which includes the benchmark bond and 50-year notes.

The Indian rupee strengthened 0.08% versus the U.S. dollar, and quoted at 83.33 per dollar.

Repo: The weighted average call rates in the interbank segment decreased to 6.76% vs 6.78% as on the previous day while that the TREP segment remained the same at 6.75% vs 6.75% as on the previous day.

GOI Yield	14-Dec	13-Dec	7-Dec	17-Nov
1 Year	7.120	7.185	7.150	7.100
5 Year	7.117	7.218	7.216	7.206
10 Year	7.197	7.258	7.238	7.217

AAA Bmk	14-Dec	13-Dec	7-Dec	17-Nov
1 Year	7.86	7.86	7.77	7.72
5 Year	7.78	7.80	7.79	7.75
10 Year	7.72	7.78	7.78	7.73

CD	14-Dec	13-Dec	7-Dec	17-Nov
3 Month	7.45	7.45	7.35	7.25
6 Month	7.75	7.75	7.65	7.55
1 Year	7.90	7.90	7.85	7.75

CP	14-Dec	13-Dec	7-Dec	17-Nov
3 Month	7.65	7.65	7.80	7.45
6 Month	8.00	8.00	8.00	7.70
1 Year	8.05	8.05	8.15	7.95

OIS Rate	14-Dec	13-Dec	7-Dec	17-Nov
1 Year	6.74	6.85	6.85	6.84
2 Year	6.38	6.53	6.54	6.53
3 Year	6.30	6.48	6.49	6.48
5 Year	6.27	6.44	6.45	6.44

	14-Dec	13-Dec	7-Dec	17-Nov
Sensex	70,514	69,585	69,522	65,795
Nifty	21,183	20,926	20,901	19,732
USD/INR	83.33	83.40	83.35	83.27
Gold (USD)	2,034	2,026	2,028	1,980
Oil (USD)	75.65	74.26	74.05	80.61

10 Year Benchmarks	14-Dec	13-Dec	7-Dec	17-Nov
India	7.20	7.26	7.24	7.21
US	3.95	4.03	4.13	4.44
South Korea	3.34	3.52	3.58	3.79
Russia	12.67	12.65	12.42	12.01
Brazil	10.79	10.89	10.87	10.99
Germany	2.07	2.17	2.20	2.59
China	2.66	2.66	2.69	2.66

NDF	14-Dec	13-Dec	7-Dec	17-Nov
3 Month	83.54	83.50	83.56	83.46
1 Year	84.83	84.70	84.76	84.58
2 Year	87.43	87.00	87.10	86.66
3 Year	90.22	89.80	89.95	89.06

## Market Observations

### G-sec

- Market opened 6 bps better following US treasury yield which rallied post FOMC.
- Demand was seen in 10 to 15 year SDLs @7.65 to 7.67 levels. Major buyers were life insurance companies.
- 5-year SDL was traded in size @7.53 yield, major buyers were PDs and Foreign banks.

### Corporate Bonds

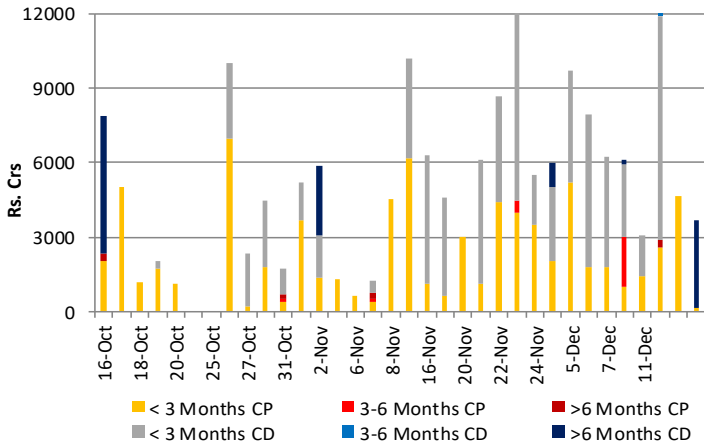
- Mutual funds were active on both sides throughout all segments.
- Banks were seen selling in the 2025-2028 segment.

### CP/CD

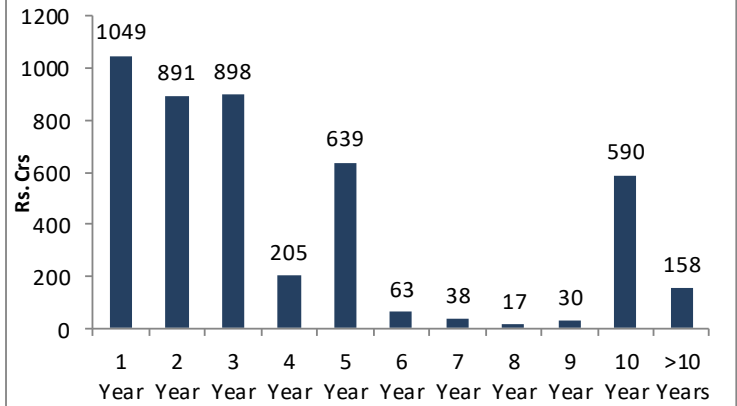
- Demand was seen in the 3-month segment.



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	14-Dec	13-Dec	7-Dec	17-Nov
India	7.20	7.26	7.24	7.21
US	3.95	4.03	4.13	4.44
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China	2.66	2.66	2.69	2.66

Top Traded Securities	Volume	14-Dec	13-Dec	7-Dec	15-Nov
7.26 2033	1,870	7.25	7.31	7.29	7.28
7.06 2028	3,725	#N/A	7.41	7.39	7.37
7.62 2039	-	7.25	7.31	7.30	7.29
7.30 2053	590	7.40	7.47	7.47	7.42
6.64 2035	1,250	#N/A	7.36	7.35	7.33
7.40 2035	1,785	7.33	7.35	7.35	7.33

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
12-Dec-23	8935	7551	1384

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
12-Dec-23	6542	11062	-4520

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
12-Dec-23	15477	18614	-3136

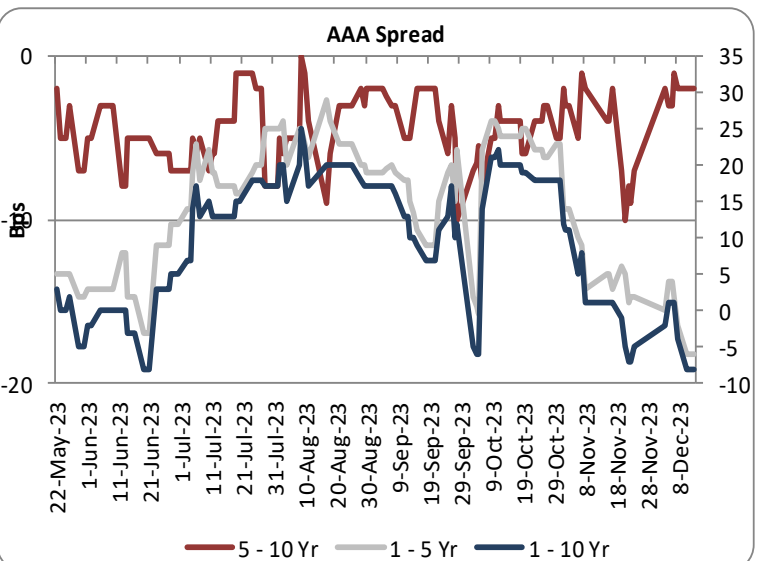
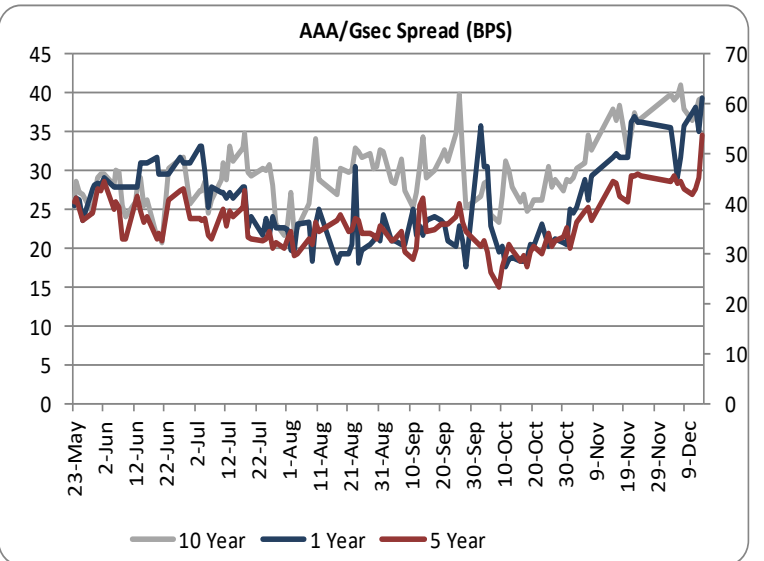
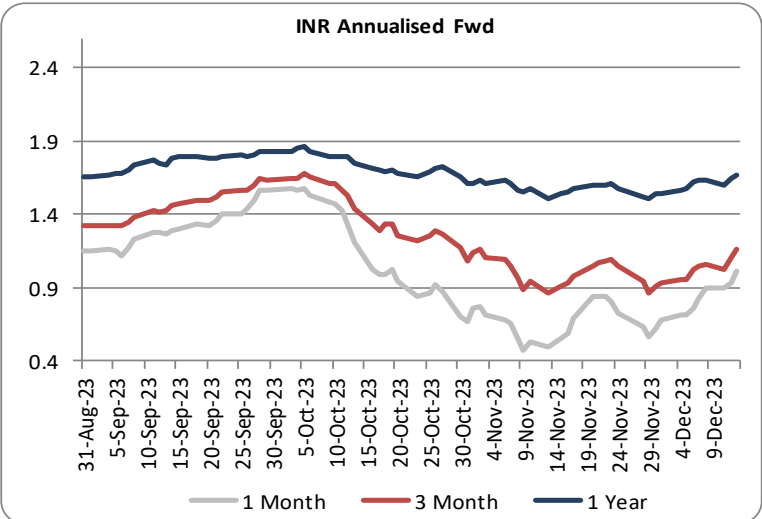
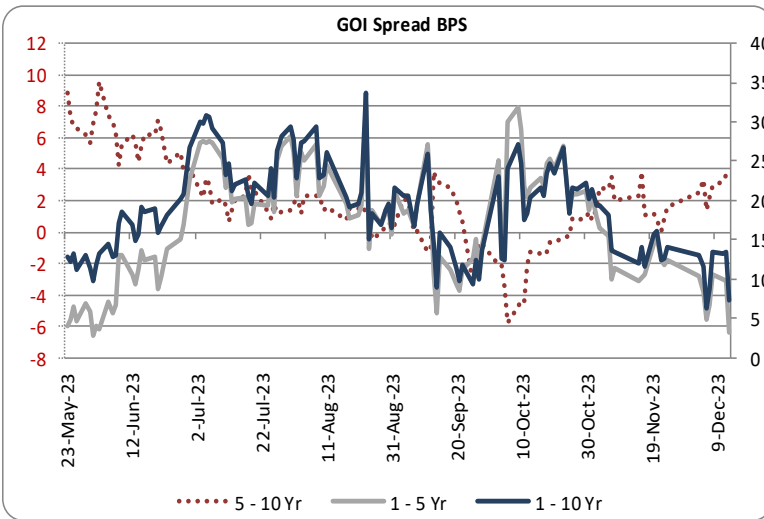
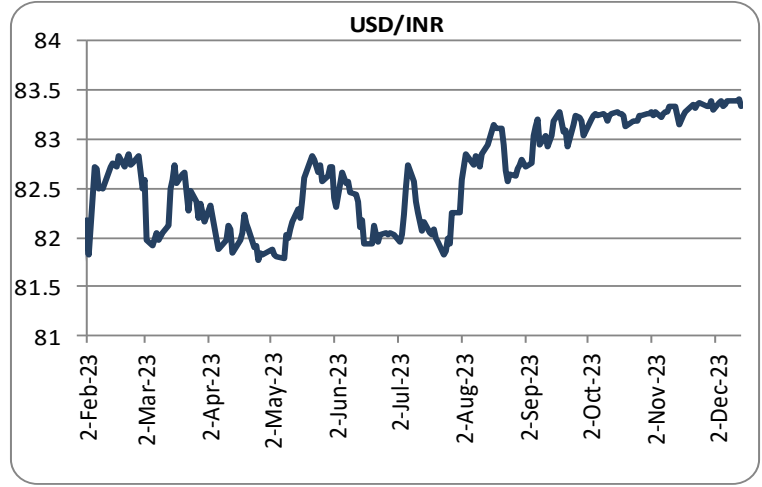
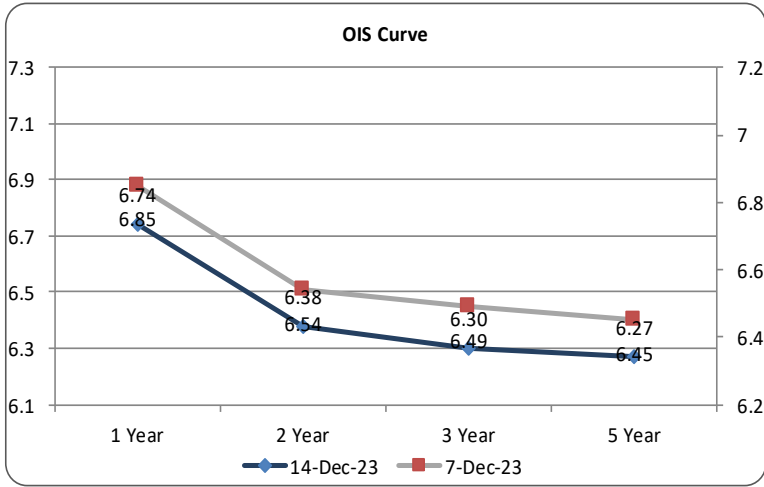
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
14-Dec-23	365	585	-220

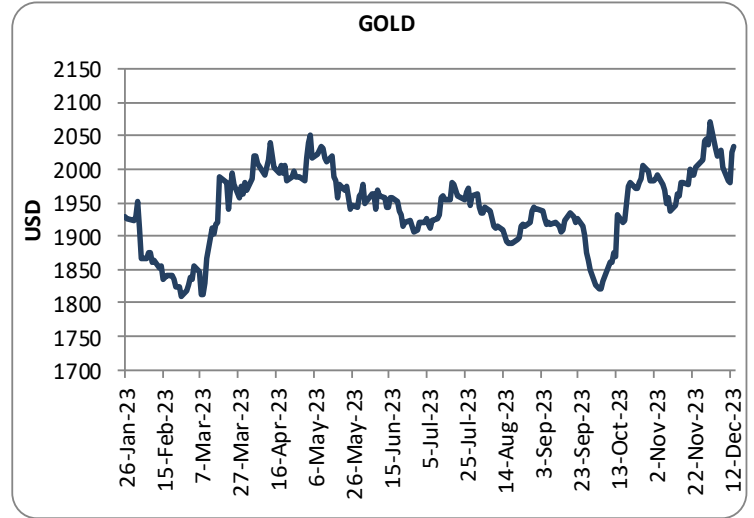
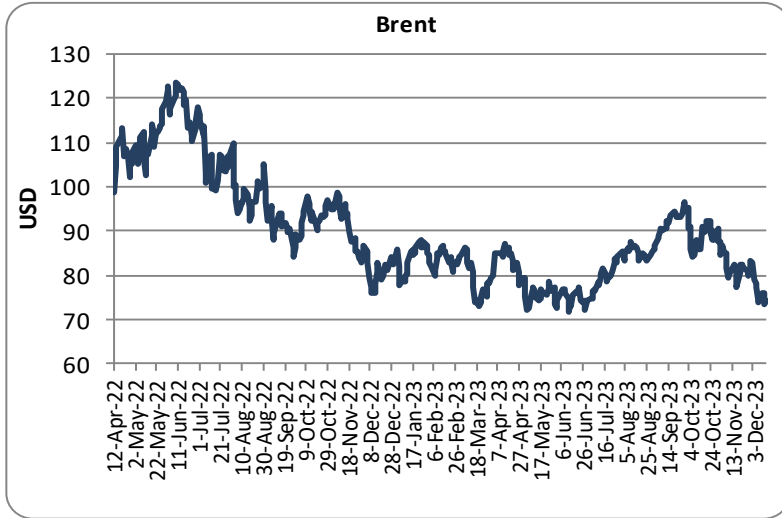
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
14-Dec-23	19555	14255	5300

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
14-Dec-23	19919	14840	5080

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Jun-23	-9.2	-1.3
Trade Deficit (\$ Bn)	Jun-23	-56.6	-52.6
WPI (%)	Nov-23	0.3	-0.5
CPI (%)	Nov-23	5.6	4.9
IIP (%)	Oct-23	11.7	5.8
PMI Manufacturing	Nov-23	56	55.5
PMI Service	Nov-23	56.9	58.4

Economic Calender	Country	Date	Poll	Prior
BOE Bank Rate	UK	14-Dec-23	5.25	5.25
ECB Refinancing Rate	Euro Zone	14-Dec-23	4.50	4.50
Industrial Output	China	15-Dec-23	5.60	4.60
CPI	Euro Zone	19-Dec-23	-	2.40
BOJ Rate Decision	Japan	19-Dec-23	-	(0.10)
CPI	UK	20-Dec-23	-	4.60
Q3 GDP	USA	21-Dec-23	5.20	5.20
CPI	Japan	22-Dec-23	-	3.30





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

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