



INDIA

Indian government bond yields surged on Wednesday as higher-than-expected U.S. inflation data pushed up Treasury yields, deferred rate cut expectations and sparked a selloff in the local market.

The benchmark 10-year yield ended at 7.1110%, following its previous close of 7.0998%.

U.S. yields climbed on Tuesday, with the 10-year yield exceeding the crucial 4.20% level by a large margin. The 10-year yield had been relatively stable since the December Federal Reserve policy, which leaned towards a dovish stance.

Data showed that U.S. inflation exceeded estimates, rising 0.3% last month following a gain of 0.2% in December. Over the 12 months through January, the consumer price index increased 3.1%, against 3.4% in December.

Expectations for monetary policy easing by the Fed have been pushed back, with the likelihood of a rate cut in May dropping to just 38% from 61% before the data release and 83% last month.

Indian overnight index swap rates are also indicating a delayed start to the Reserve Bank of India's rate easing cycle to the third quarter of the next financial year.

This comes after the RBI last week left interest rates and policy stance unchanged, and reiterated its commitment to meeting its 4% inflation target on a sustainable basis.

The Indian rupee weakened 0.03% versus the U.S. dollar, and quoted at 83.03, as hotter-than-expected inflation data in the U.S. raised expectations that the Federal Reserve will likely not cut rates until its June meeting.

Repo: The weighted average call rates in the interbank segment decreased to 6.70% vs 6.74% as on the previous day while that the TREP segment decreased to 6.67% vs 6.71% as on the previous day.

Market Observations

G-sec

- 10-year G-sec got given by 3bps following the US treasury yield opened around 7.13 yields.
- T-bill cut off was in line with market expectations but a bit fine in 1-year maturity. Demand was seen in 3-month maturity t-bill by Mutual funds @7.04 yield.
- Size Selling was seen in 11 and 12 year SDLs by Mutual funds @7.49 centric levels.

Corporate Bonds

- Banks and Mutual funds were seen on the buying as well as selling side in the 2026-2028 maturity segment.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	14-Feb	13-Feb	7-Feb	16-Jan
1 Year	7.130	7.125	7.110	7.115
5 Year	7.093	7.074	7.028	7.022
10 Year	7.111	7.100	7.072	7.146

AAA Bmk	14-Feb	13-Feb	7-Feb	16-Jan
1 Year	8.00	8.00	7.90	7.83
5 Year	7.70	7.65	7.62	7.70
10 Year	7.63	7.60	7.60	7.65

CD	14-Feb	13-Feb	7-Feb	16-Jan
3 Month	7.85	7.90	7.80	7.60
6 Month	7.90	7.90	7.85	7.75
1 Year	7.90	7.85	7.85	7.90

CP	14-Feb	13-Feb	7-Feb	16-Jan
3 Month	8.00	8.00	7.95	7.75
6 Month	8.00	8.00	7.95	7.85
1 Year	8.00	8.00	8.00	8.00

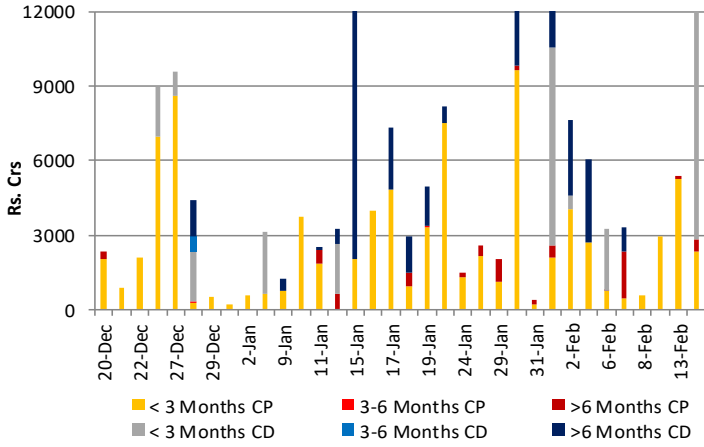
OIS Rate	14-Feb	13-Feb	7-Feb	16-Jan
1 Year	6.75	6.70	6.61	6.60
2 Year	6.45	6.40	6.29	6.25
3 Year	6.41	6.36	6.25	6.19
5 Year	6.39	6.32	6.21	6.16

	14-Feb	13-Feb	7-Feb	16-Jan
Sensex	71,823	71,555	72,152	73,129
Nifty	21,840	21,743	21,931	22,032
USD/INR	83.03	83.00	82.97	83.07
Gold (USD)	1,991	1,992	2,034	2,028
Oil (USD)	83.12	82.77	79.21	78.29

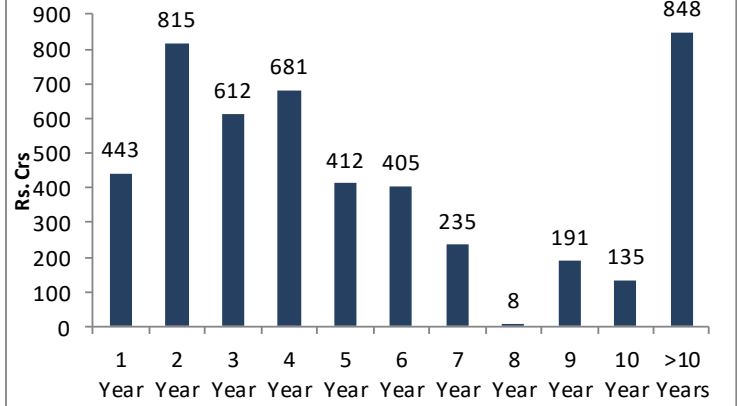
NDF	14-Feb	13-Feb	7-Feb	16-Jan
3 Month	83.32	83.39	83.27	83.40
1 Year	84.46	84.60	84.45	84.66
2 Year	86.75	86.87	86.73	87.22
3 Year	89.64	89.52	89.38	90.12



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	14-Feb	13-Feb	7-Feb	16-Jan
India	7.11	7.10	7.07	7.15
US	4.30	4.32	4.11	4.07
South Korea	3.51	3.46	3.38	3.32
Russia	12.49	12.50	12.41	12.35
Brazil	10.75	10.75	10.62	10.70
Germany	2.37	2.39	2.30	2.21
China	2.46	2.46	2.45	2.53

Top Traded Securities	Volume	7-Feb	6-Feb	31-Jan	9-Jan
7.26 2033	775	7.10	7.12	7.18	7.22
7.06 2028	1,020	7.03	7.04	7.04	7.08
7.62 2039	-	7.10	7.12	7.18	7.22
7.30 2053	1,080	7.13	7.15	7.27	7.42
6.64 2035	-	7.10	7.12	7.22	7.28
7.40 2035	665	7.11	7.12	7.22	7.32

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
13-Feb-24	9296	7830	1466

EQUITY		
Gross Purchase	Gross Sales	Net Investment
5991	9652	-3661

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
15287	17482	-2195

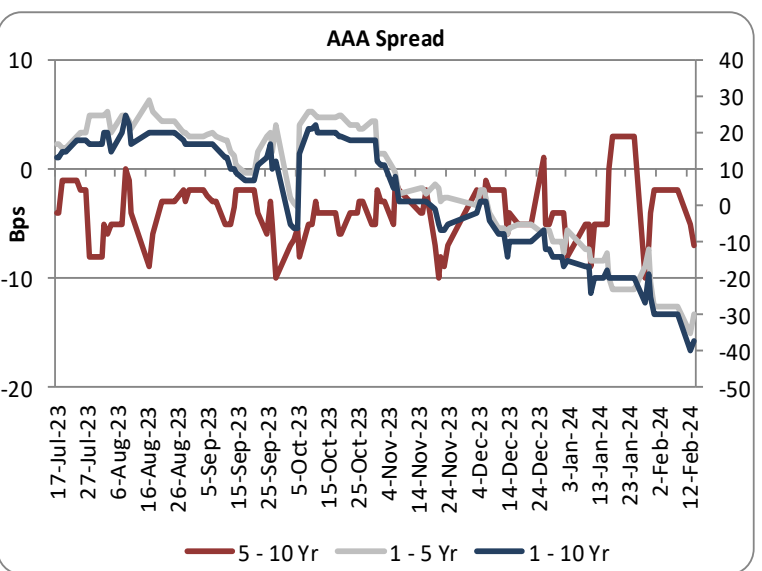
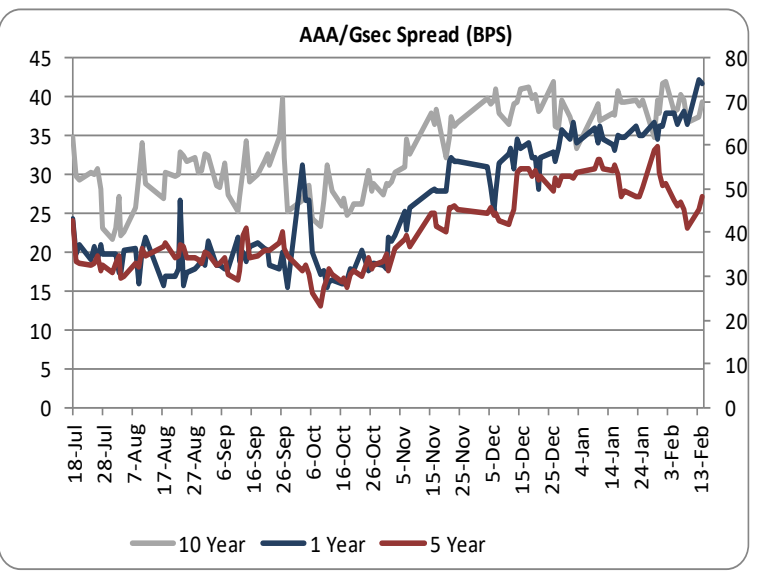
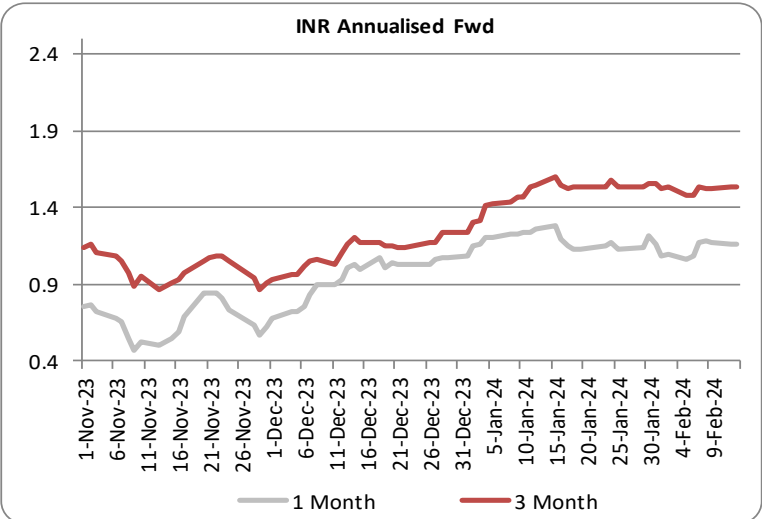
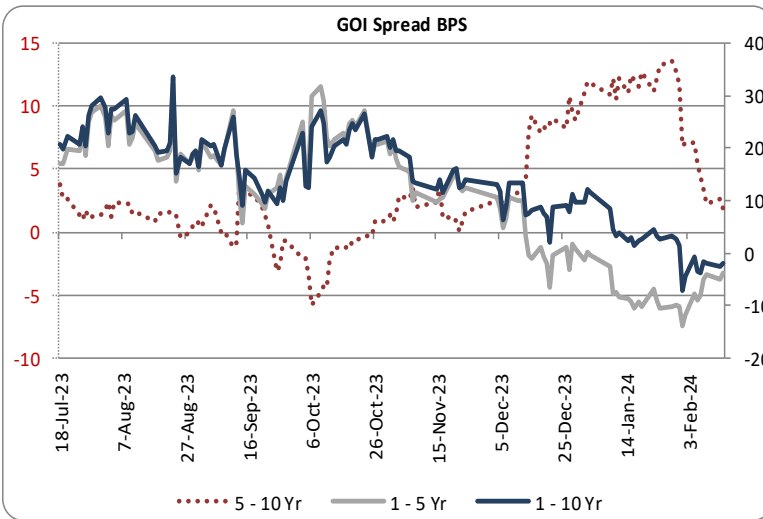
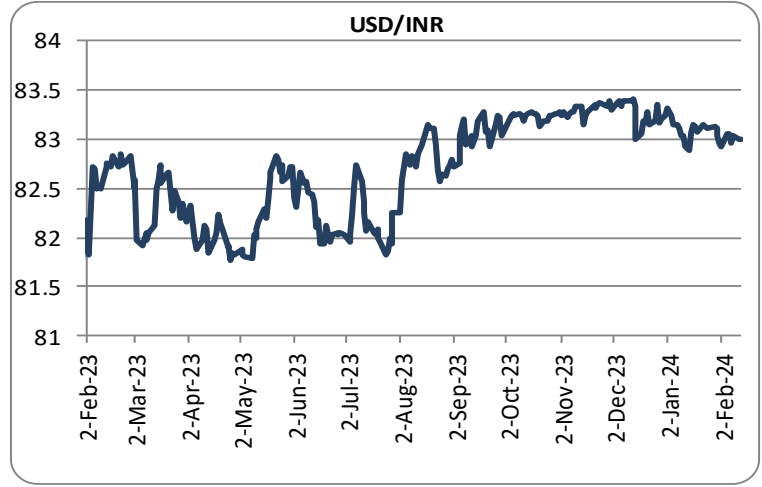
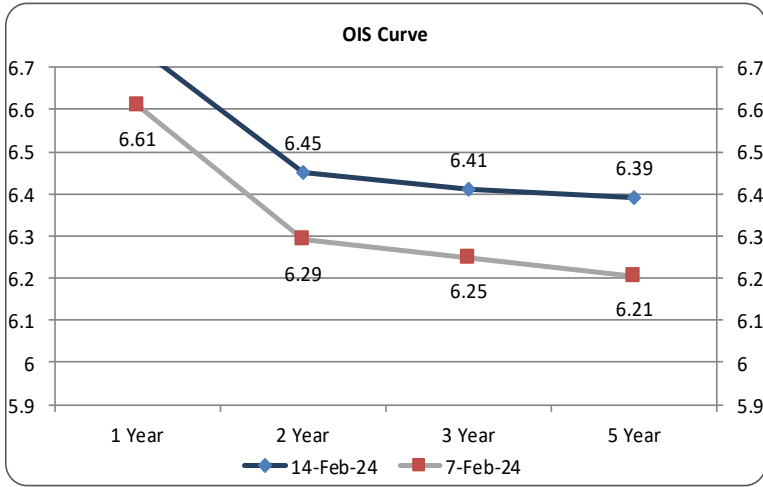
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
14-Feb-24	1966	1274	692

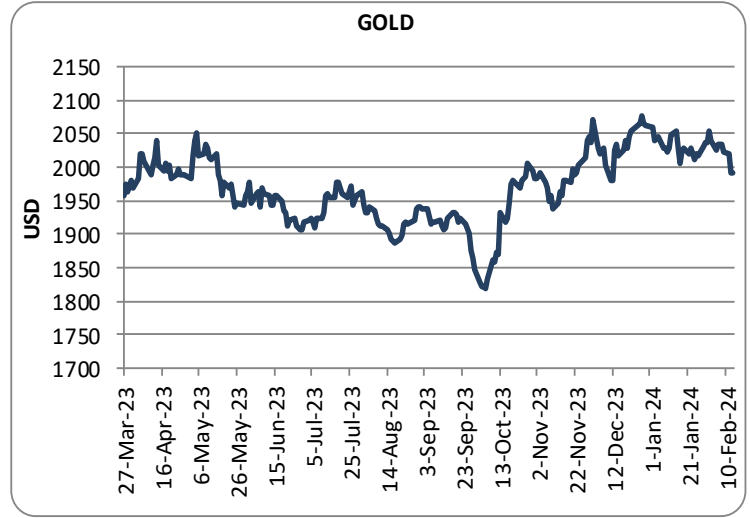
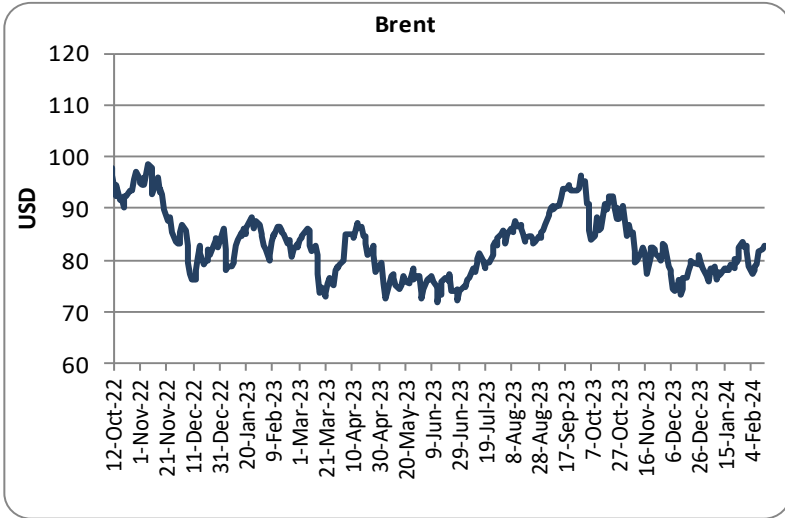
EQUITY		
Gross Purchase	Gross Sales	Net Investment
13134	12900	234

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
15099	14174	925

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 (%)	Jan-24	0.3	0.7
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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