



# BONDWATCH

Daily

July 14, 2023

INDIA

Indian government bond yields rose on Friday, but the benchmark yield saw its biggest weekly fall in over two months, tracking U.S. peers.

Bond yields were marginally higher as the auction of the benchmark bond saw weaker-than-expected demand after the recent fall in yields, which has soured sentiment.

The benchmark 7.26% 2033 bond yield ended at 7.0910%, after closing at 7.0729% on Thursday. The yield fell seven basis points (bps) this week, the biggest such fall since the week ended May 5. This was also the first weekly drop for the benchmark yield in last six weeks.

U.S. yields plunged, after softer-than-expected inflation print for June raised bets that the Fed will stop hiking interest rates after an expected 25 bps increase later this month.

The Fed paused its rate hike cycle in June but indicated two more raises in 2023. The odds of a 25 bps hike on July 26 remain around 91%, while those of another increase have reduced.

Global benchmark Brent crude hovered above \$81 a barrel on Friday, with bullish sentiment over U.S. demand bolstered by supply disruption in Libya and Nigeria.

The Indian rupee weakened 0.11% versus the U.S. dollar, and quoted at 82.16 per dollar as corporate dollar demand pushed the currency off the day's highs.

Repo: The weighted average call rates in the interbank segment increased to 6.42% vs 6.41% as on the previous day while that the TREP segment increased to 6.30% vs 6.26% as on the previous day.

GOI Yield	14-Jul	13-Jul	7-Jul	15-Jun
1 Year	6.870	6.860	6.870	6.850
5 Year	7.071	7.059	7.143	6.986
10 Year	7.091	7.073	7.161	7.041

AAA Bmk	14-Jul	13-Jul	7-Jul	15-Jun
1 Year	7.40	7.40	7.42	7.45
5 Year	7.57	7.57	7.60	7.47
10 Year	7.53	7.53	7.55	7.42

CD	14-Jul	13-Jul	7-Jul	15-Jun
3 Month	6.95	6.95	6.95	6.98
6 Month	7.20	7.20	7.20	7.20
1 Year	7.50	7.50	7.50	7.40

CP	14-Jul	13-Jul	7-Jul	15-Jun
3 Month	7.10	7.10	7.10	7.08
6 Month	7.30	7.30	7.30	7.30
1 Year	7.60	7.60	7.60	7.50

OIS Rate	14-Jul	13-Jul	7-Jul	15-Jun
1 Year	6.77	6.76	6.80	6.65
2 Year	6.44	6.45	6.52	6.34
3 Year	6.34	6.35	6.43	6.23
5 Year	6.28	6.30	6.40	6.16

	14-Jul	13-Jul	7-Jul	15-Jun
Sensex	66,061	65,559	65,280	62,918
Nifty	19,565	19,414	19,332	18,688
USD/INR	82.17	82.07	82.74	82.18
Gold (USD)	1,959	1,960	1,924	1,958
Oil (USD)	81.37	81.36	78.47	75.67

NDF	14-Jul	13-Jul	7-Jul	15-Jun
3 Month	82.42	82.27	82.85	82.15
1 Year	83.52	83.34	83.89	83.22
2 Year	85.66	85.52	85.85	85.23
3 Year	88.31	88.17	88.50	87.88

## Market Observations

### G-sec

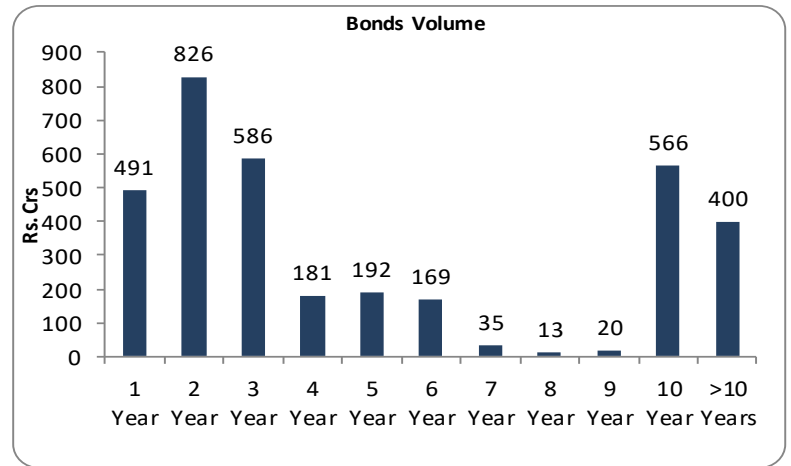
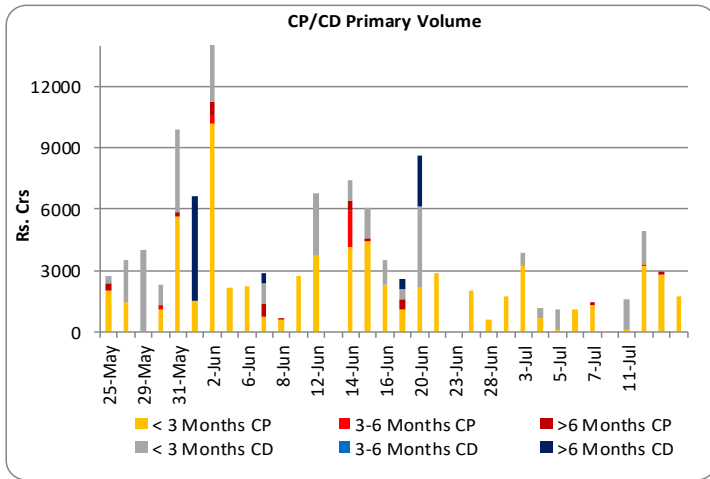
- Market opened on a positive note following its global peers but got given over the course of the day and closed @7.09 levels.
- Cut off was in line with market expectation apart from 10-year G-sec which was 6-8 bps lower than expectations.
- Demand was seen in 3 year SDL by mutual fund @7.25 centric levels

### Corporate Bonds

- Mutual funds were active in the 2025-26 segment.
- Insurance companies and pension funds were active in the longer segment

### CP/CD

- Major activity was seen in the 1-3-month and 1-year segment.



10 Year Benchmarks	14-Jul	13-Jul	7-Jul	15-Jun
India	7.09	7.07	7.16	7.04
US	3.77	3.76	4.05	3.73
South Korea	3.69	3.65	3.76	3.68
Russia	11.37	11.36	11.25	10.91
Brazil	10.75	10.63	10.66	11.16
Germany	2.44	2.47	2.64	2.51
China	2.69	2.68	2.69	2.68

Top Traded Securities	Volume	14-Jul	13-Jul	7-Jul	15-Jun
5.74 2026	10	7.05	7.06	7.13	6.97
7.38 2027	-	7.07	7.06	7.14	6.99
7.10 2029	-	7.10	7.08	7.16	7.03
6.54 2032	-	7.14	7.12	7.20	7.09
7.26 2032	#VALUE!	7.13	7.12	7.19	7.08
7.54 2036	-	7.20	7.19	7.27	7.15

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
13-Jul-23	3129	3066	63

EQUITY	Gross Purchase	Gross Sales	Net Investment
	2563	2128	435

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5691	5193	498

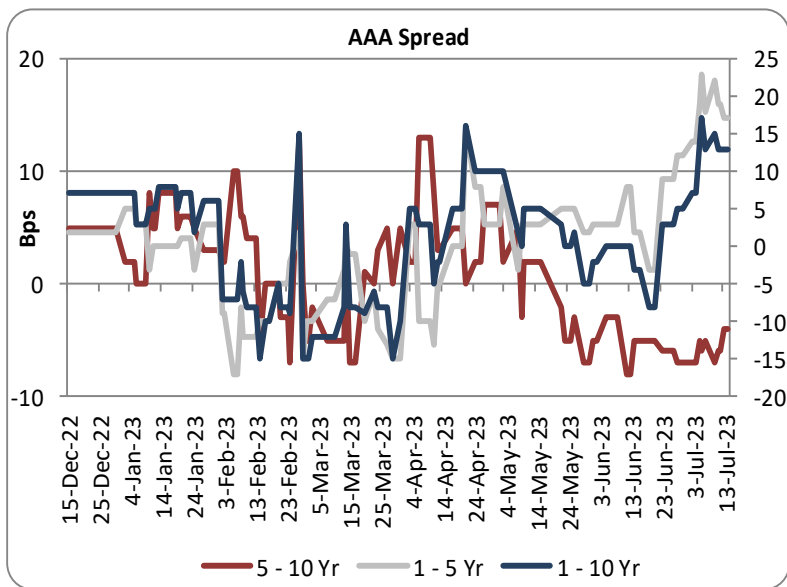
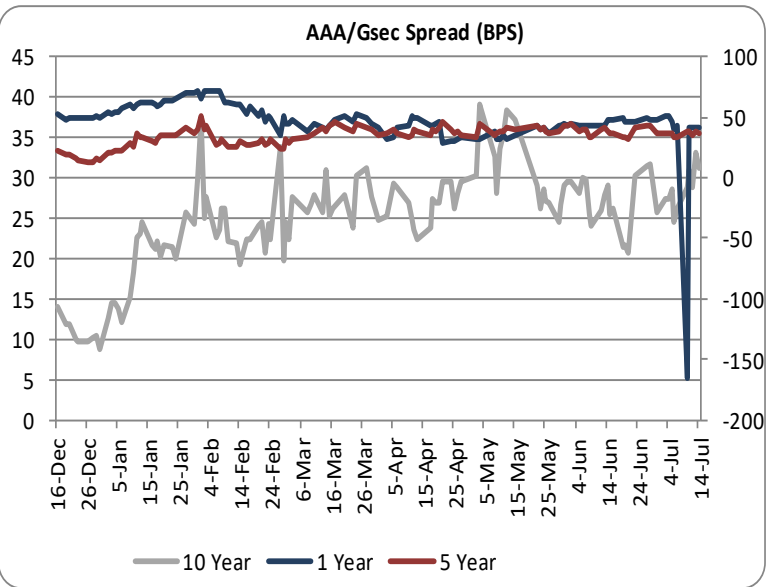
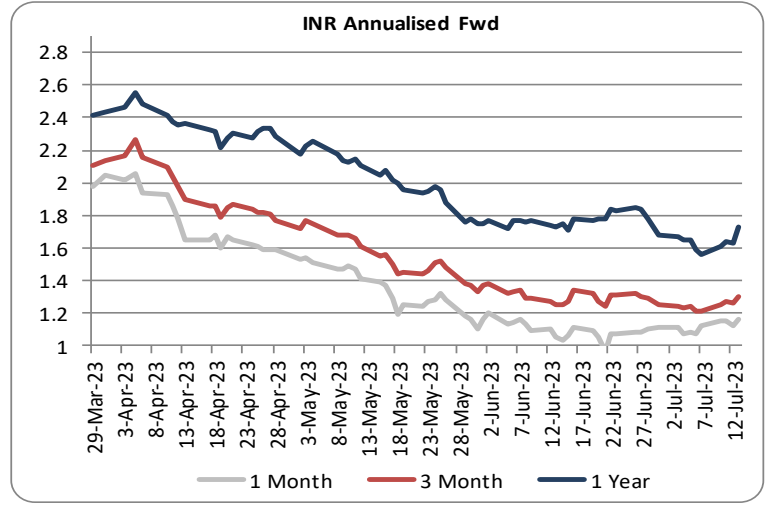
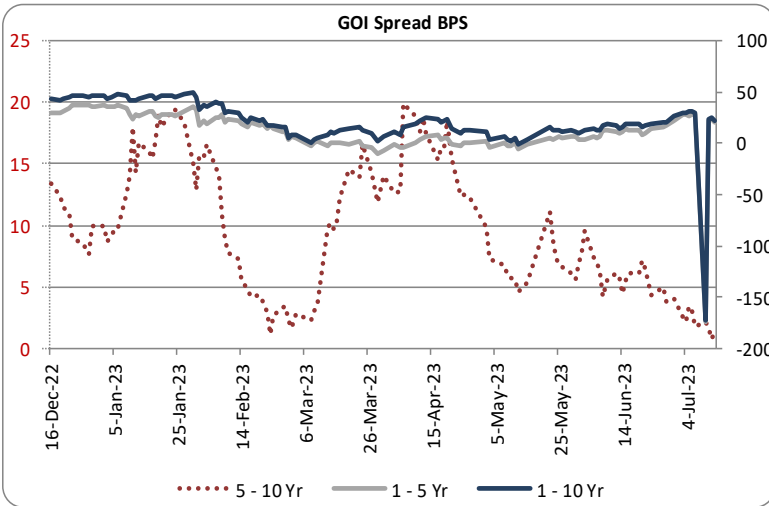
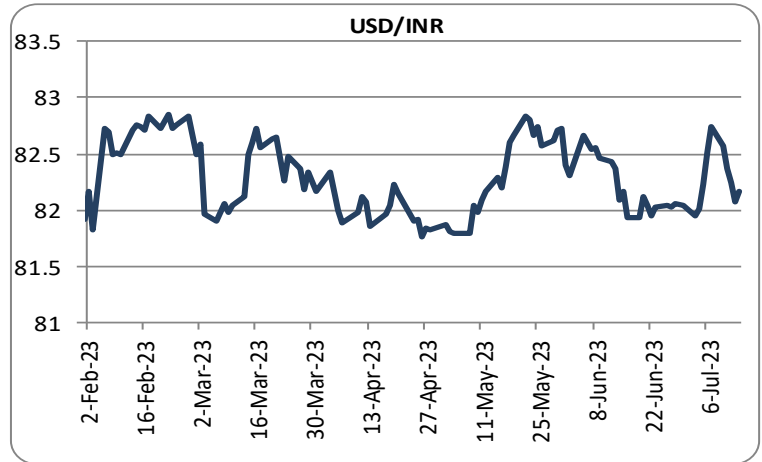
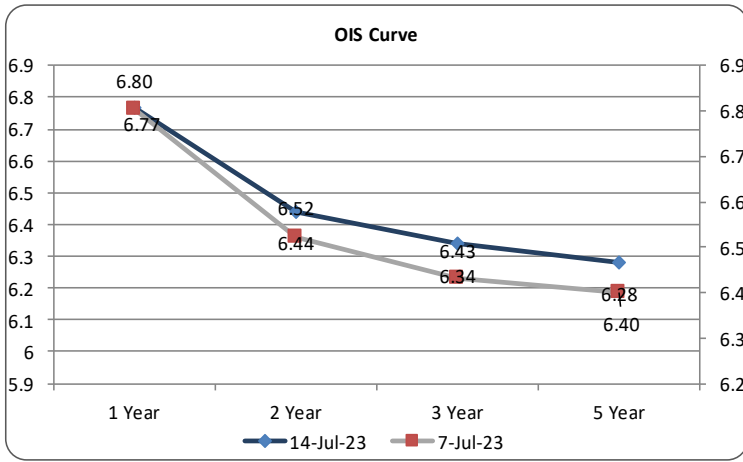
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
14-Jul-23	1069	1027	42

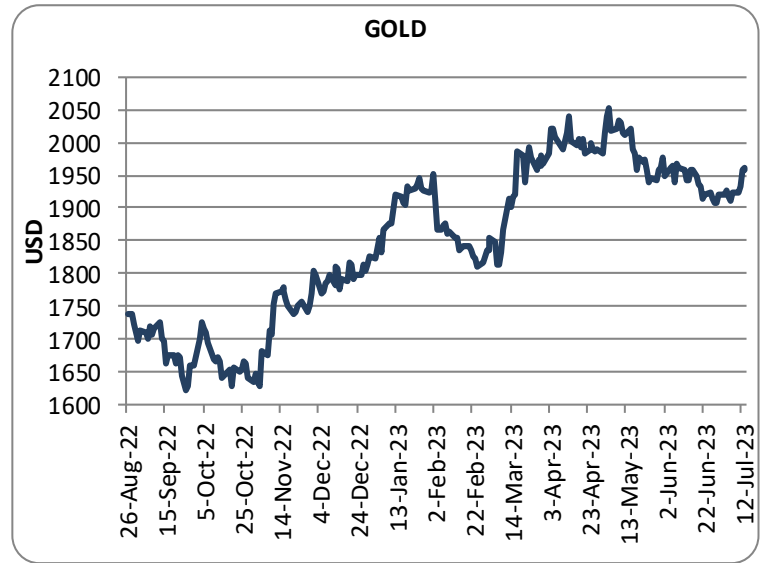
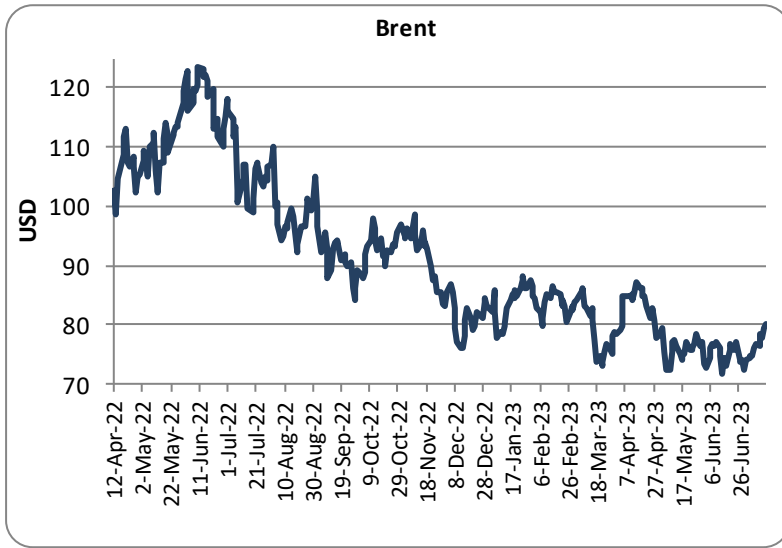
EQUITY	Gross Purchase	Gross Sales	Net Investment
	13298	7648	5651

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
14367	8675	5693

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
WPI	India	14-Jul-23	-3.6	-3.48
CPI	Poland	14-Jul-23	-	11.50
Retail Sales	Brazil	14-Jul-23	1.95	0.50
GDP	China	15-Jul-23	7.30	4.50
CPI	New Zealand	19-Jul-23	5.90	6.70
Retail Sales	South Africa	19-Jul-23	-	(1.60)
Exports	Japan	20-Jul-23	-	0.60
Unemployment Rate	Australia	20-Jul-23	-	3.60





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/>