



BONDWATCH

Daily

September 14, 2023

INDIA

Indian government bond yields fell sharply on Thursday, with the benchmark yield posting its biggest single-session fall since May 3, tracking the drop in their U.S. peers and on the buzz about local debt's possible inclusion in a global bond index.

The new 10-year benchmark 7.18% 2033 bond yield ended at 7.1048%, compared with its previous close of 7.1738%.

The benchmark yield also broke the key technical level of 7.15%, which further spurred buying activity, with strong resistance at 7.10% as per market participants.

The fall in yields over the last three sessions was also aided by lower-than-expected domestic inflation, which eased to 6.83% in August from 7.44% in July but remained above the Reserve Bank of India's (RBI) tolerance band of 2% to 6%.

U.S. Treasury yields edged lower on Wednesday, despite the U.S. consumer price index rising to 0.6% as the underlying pace of inflation eased in August. The Fed is expected to keep interest rates on hold at its policy meeting next week but the odds of an increase in November are now around 40%.

Back home market participants now await the government bond auction on Friday, in which it aims to raise 310 billion rupees (\$3.74 billion), to gauge investor demand.

The Indian rupee weakened 0.06% versus the U.S. dollar, and was quoted at 83.02 per dollar, weighed down by dollar demand from importers.

Repo: The weighted average call rates in the interbank segment decreased to 6.73% vs 6.74% 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-Sep	13-Sep	7-Sep	18-Aug
1 Year	0.000	7.050	7.010	7.025
5 Year	7.098	7.157	7.178	7.203
10 Year	7.130	7.195	7.177	7.217

AAA Bmk	14-Sep	13-Sep	7-Sep	18-Aug
1 Year	7.50	7.53	7.45	7.45
5 Year	7.64	7.68	7.65	7.71
10 Year	7.60	7.63	7.62	7.65

CD	14-Sep	13-Sep	7-Sep	18-Aug
3 Month	7.10	7.10	7.05	7.05
6 Month	7.25	7.25	7.25	7.30
1 Year	7.55	7.55	7.50	7.50

CP	14-Sep	13-Sep	7-Sep	18-Aug
3 Month	7.20	7.20	7.12	7.20
6 Month	7.35	7.35	7.35	7.40
1 Year	7.65	7.65	7.60	7.60

OIS Rate	14-Sep	13-Sep	7-Sep	18-Aug
1 Year	7.03	7.05	7.02	7.00
2 Year	6.78	6.82	6.77	6.75
3 Year	6.72	6.79	6.73	6.71
5 Year	6.69	6.77	6.68	6.67

	14-Sep	13-Sep	7-Sep	18-Aug
Sensex	67,519	67,467	66,266	64,949
Nifty	20,103	20,070	19,727	19,310
USD/INR	83.03	82.99	83.21	83.10
Gold (USD)	1,908	1,906	1,919	1,888
Oil (USD)	93.03	91.88	89.92	84.80

NDF	14-Sep	13-Sep	7-Sep	18-Aug
3 Month	83.31	83.29	83.54	83.45
1 Year	84.37	84.43	84.67	84.50
2 Year	86.77	86.67	86.81	86.66
3 Year	89.65	89.52	89.51	89.31

Market Observations

G-sec

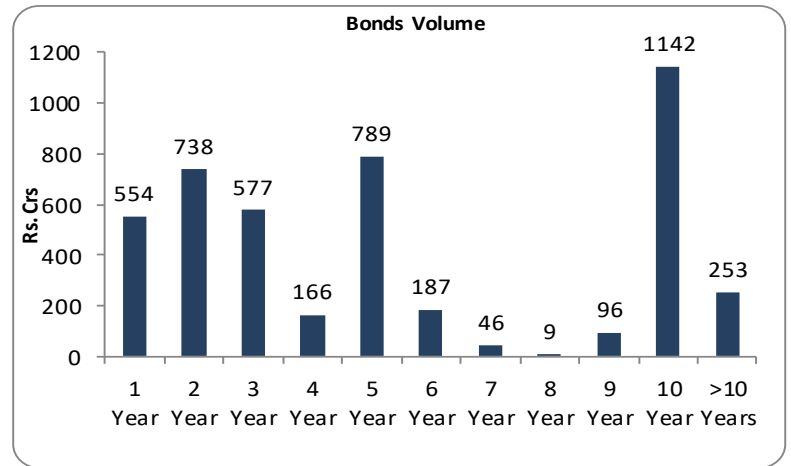
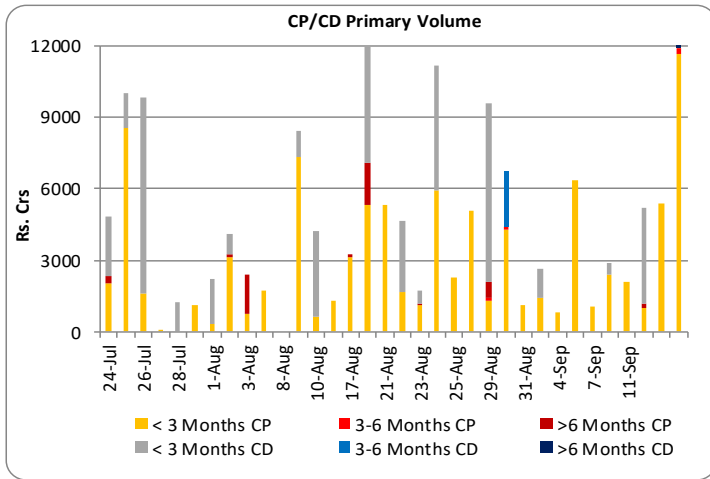
- Foreign banks and private banks were active in 2025 - 26 maturity SDL's.
- Private banks and mutual funds seen buying lower coupon SDL's in 6 to 10-year maturity.

Corporate Bonds

- Bond yields moved lower tracking G-sec.
- Mutual funds and insurance companies were active in the shorter segment.
- Pension funds were active in the longer segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	14-Sep	13-Sep	7-Sep	18-Aug
India	7.11	7.17	7.17	7.21
US	4.26	4.25	4.26	4.25
South Korea	3.92	3.95	3.98	3.92
Russia	12.48	12.45	12.46	11.76
Brazil	11.21	11.21	11.36	11.23
Germany	2.64	2.65	2.62	2.62
China	2.63	2.65	2.67	2.57

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	38,590	7.20	7.17	7.18	7.15
7.06 2028	3,365	7.26	7.24	7.25	7.30
7.62 2039	20	7.21	7.20	7.19	7.18
7.30 2053	1,800	7.35	7.33	7.33	7.36
6.64 2035	1,100	7.17	7.16	7.22	7.24
7.40 2035	140	7.20	7.18	7.24	7.23

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
23-Aug-23	5219	4778	441

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	8538	8569	-31

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	13757	13346	410

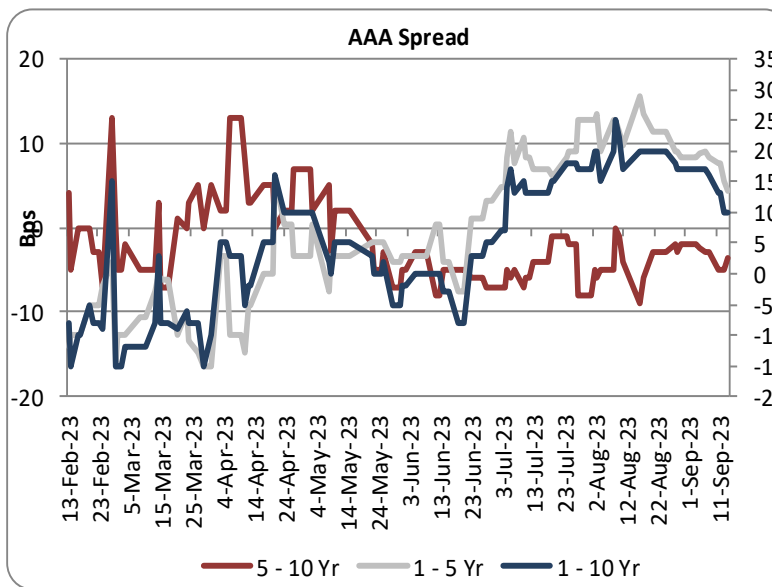
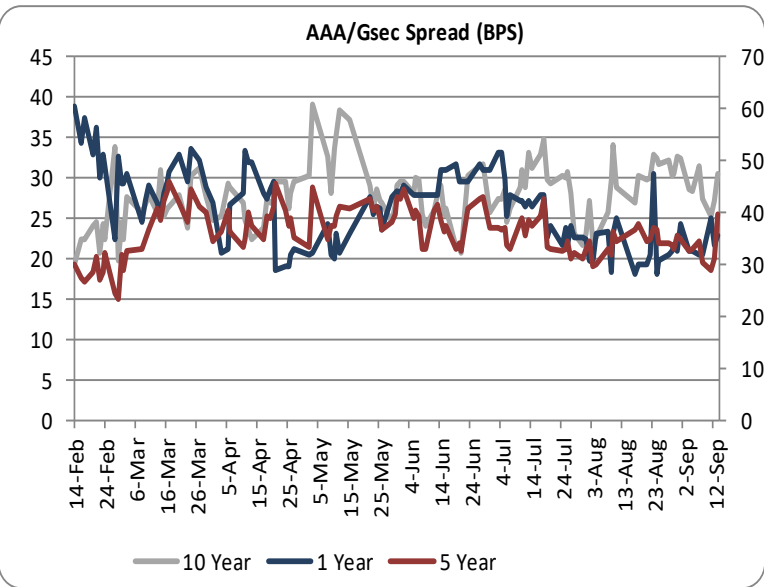
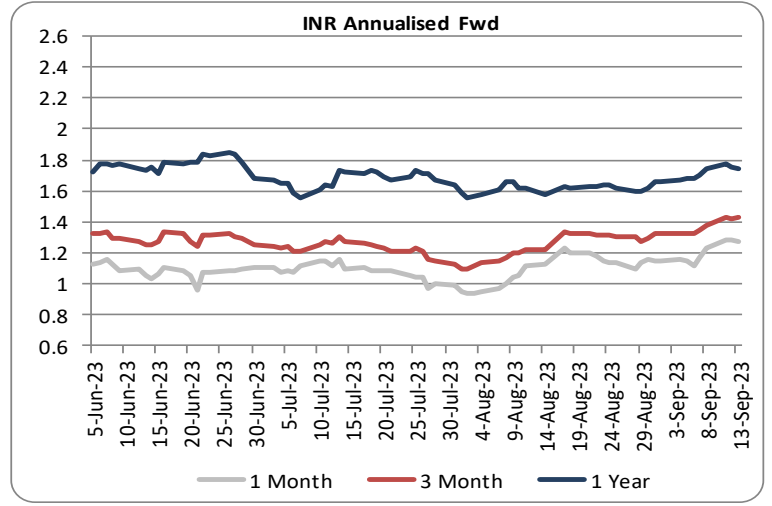
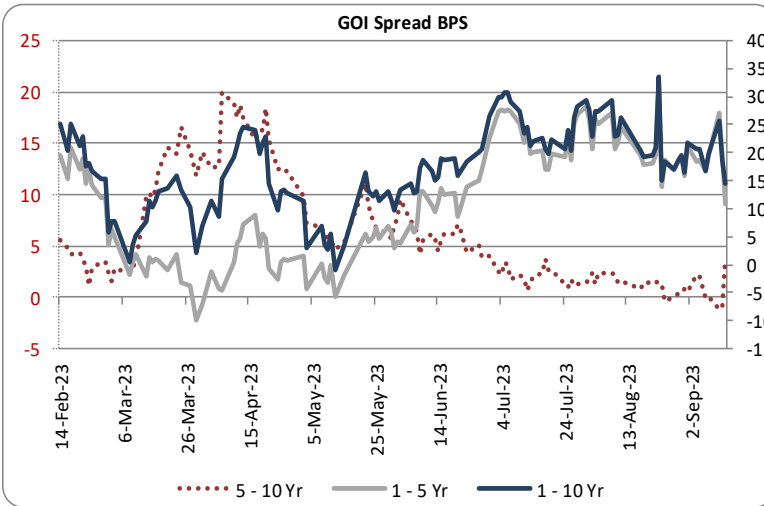
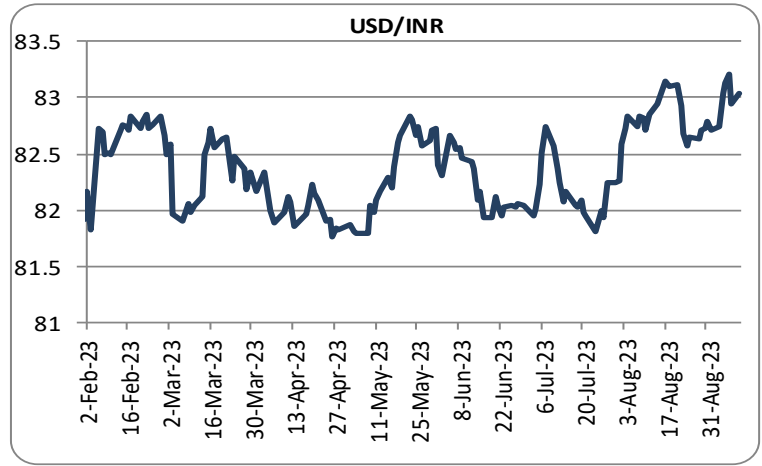
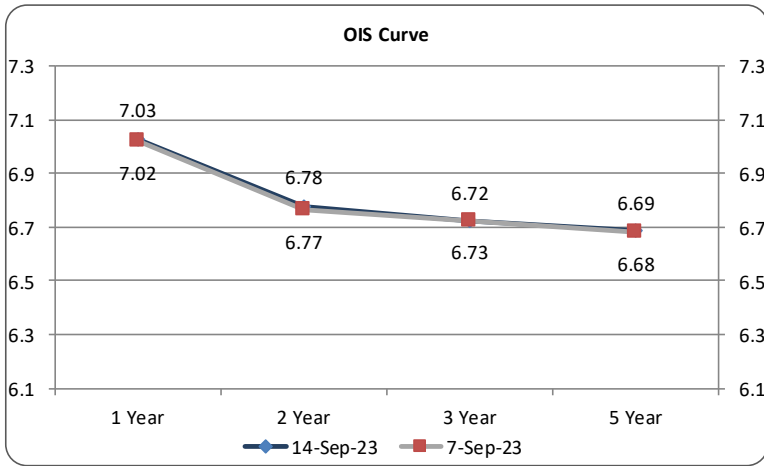
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
14-Sep-23	1786	824	961

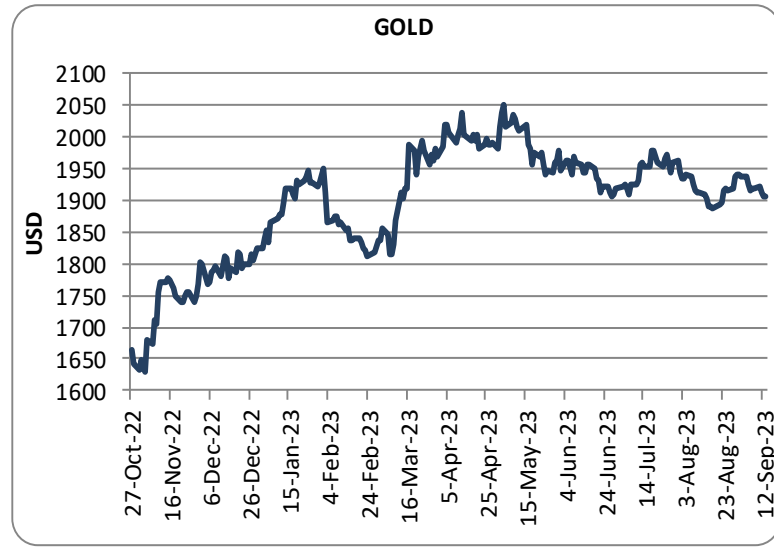
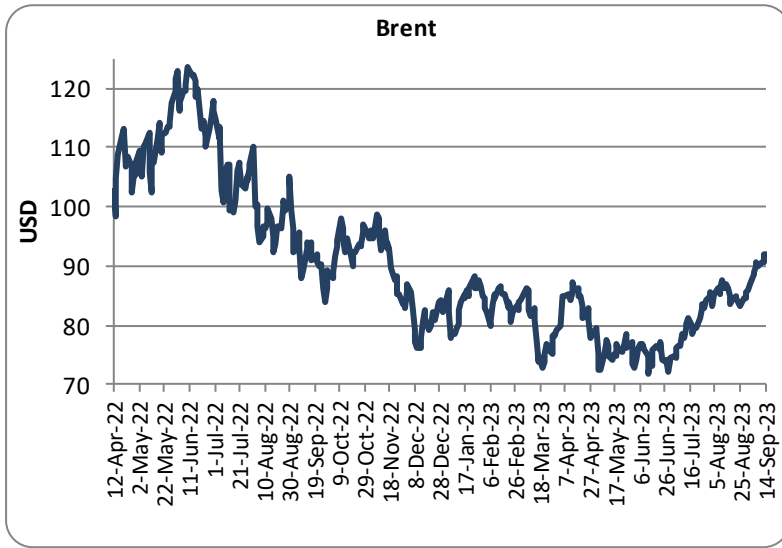
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	10356	12649	-2293

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	12142	13473	-1332

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Aug-23	-0.5	-1.4
CPI (%)	Aug-23	6.8	7.4
IIP (%)	Jul-23	5.7	3.7
PMI Manufacturing	Aug-23	58.6	57.7
PMI Service	Aug-23	60.1	62.3

Economic Calender	Country	Date	Poll	Prior
GDP YY	UK	13-Sep-23	0.4	0.9
Industrial Output	UK	13-Sep-23	0.50	0.70
CPI	USA	13-Sep-23	3.60	3.20
Unemployment Rate	Australia	14-Sep-23	3.70	3.70
ECB Refinancing Rate	Euro Zone	14-Sep-23	4.25	4.25
Retail Sales	Brazil	15-Sep-23	1.80	1.30
CPI	UK	20-Sep-23	-	6.80
Fed Funds Target Rate	USA	20-Sep-23	-	5.25-5.5





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

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