



INDIA

Indian government bond yields declined on Monday, with the benchmark 10-year bond yield dropping to a four-month low as a softer core inflation reading led to bets of easing inflationary pressures in the coming months.

The benchmark 10-year yield ended at 7.1430%, its lowest closing level since Sept. 14, and following its previous close of 7.1791%.

India's annual retail inflation rose 5.69% on-year in December from 5.55% in November amid higher food prices, but the reading was lower than market expectations of 5.87%. Core inflation came below 4% for the first time in over a year.

A sustained fall in core retail inflation and subdued inflationary pressures could prompt the Reserve Bank of India's rate-setting panel to ease its policy stance to 'neutral' as early as next month. The monetary policy committee has kept repo rate unchanged since April 2023, after raising it by 250 bps between May 2022 and February 2023 to battle high inflation.

U.S. yields eased last week after December producer prices data fell unexpectedly, raising bets of an early interest rate cut by the Federal Reserve.

The 10-year yield eased 9 basis points last week, ending at 3.95% on Friday, after rising 18 bps in first week of January. The odds of a rate cut by the Fed in March rose to 73% from 68% last week.

The Indian rupee strengthened 0.05% versus the U.S. dollar, and quoted at 82.88 per dollar, fueled by speculative bets its recent winning streak will continue.

Repo: The weighted average call rates in the interbank segment remained the same at 6.78% vs 6.78% as on the previous day while that the TREP segment increased to 6.75% vs 6.72% as on the previous day.

Market Observations

G-sec

- Demand was seen in 2026 G-sec and SDLs by foreign banks and Mutual funds.
- Demand was seen in 2029 2030 SDLs @7.50 to 7.55 levels. Major buyer Corporate and Mutual funds.

Corporate Bonds

- Major activity was seen up to the 2028 segment. Banks were active in the longer segment too.
- Mutual funds were seen selling and banks and mutual funds were seen buying.

CP/CD

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

| GOI Yield | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|-----------|--------|--------|-------|--------|
| 1 Year | 7.120 | 7.140 | 7.105 | 7.080 |
| 5 Year | 7.034 | 7.057 | 7.079 | 7.070 |
| 10 Year | 7.144 | 7.180 | 7.188 | 7.162 |

| AAA Bmk | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|---------|--------|--------|-------|--------|
| 1 Year | 7.85 | 7.88 | 7.87 | 7.80 |
| 5 Year | 7.70 | 7.73 | 7.75 | 7.74 |
| 10 Year | 7.65 | 7.68 | 7.70 | 7.70 |

| CD | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|---------|--------|--------|-------|--------|
| 3 Month | 7.55 | 7.55 | 7.55 | 7.45 |
| 6 Month | 7.70 | 7.70 | 7.70 | 7.75 |
| 1 Year | 7.85 | 7.90 | 7.90 | 7.90 |

| CP | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|---------|--------|--------|-------|--------|
| 3 Month | 7.70 | 7.80 | 7.80 | 7.65 |
| 6 Month | 7.85 | 7.85 | 7.85 | 8.00 |
| 1 Year | 8.00 | 8.00 | 8.00 | 8.05 |

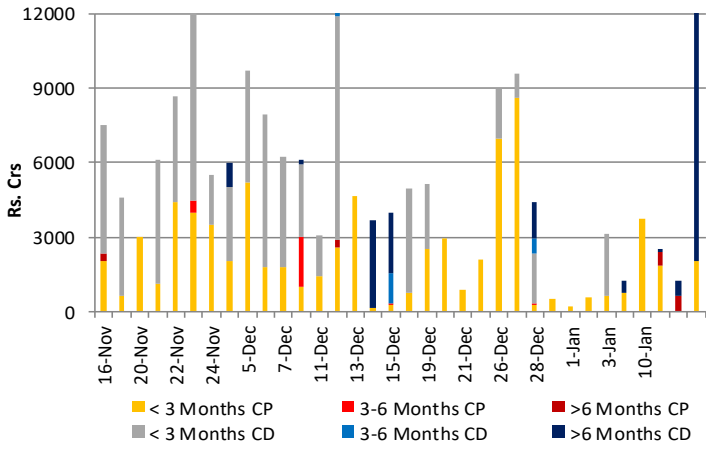
| OIS Rate | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|----------|--------|--------|-------|--------|
| 1 Year | 6.59 | 6.63 | 6.65 | 6.64 |
| 2 Year | 6.23 | 6.29 | 6.33 | 6.29 |
| 3 Year | 6.18 | 6.24 | 6.27 | 6.23 |
| 5 Year | 6.14 | 6.20 | 6.23 | 6.20 |

| | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|------------|--------|--------|--------|--------|
| Sensex | 73,328 | 72,568 | 71,386 | 71,484 |
| Nifty | 22,097 | 21,895 | 21,545 | 21,457 |
| USD/INR | 82.88 | 82.92 | 83.12 | 83.00 |
| Gold (USD) | 2,052 | 2,049 | 2,030 | 2,018 |
| Oil (USD) | 77.76 | 78.29 | 77.59 | 76.55 |

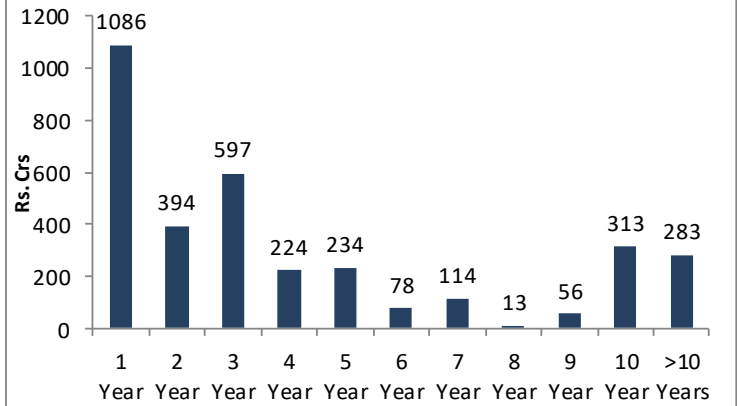
| NDF | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|---------|--------|--------|-------|--------|
| 3 Month | 83.08 | 83.20 | 83.43 | 83.27 |
| 1 Year | 84.46 | 84.43 | 84.63 | 84.48 |
| 2 Year | 86.81 | 86.91 | 87.09 | 86.84 |
| 3 Year | 89.74 | 89.81 | 89.99 | 89.74 |



CP/CD Primary Volume



Bonds Volume



| 10 Year Benchmarks | 15-Jan | 12-Jan | 9-Jan | 15-Dec |
|--------------------|--------|--------|-------|--------|
| India | 7.14 | 7.18 | 7.19 | 7.16 |
| US | 3.95 | 3.95 | 4.02 | 3.93 |
| South Korea | 3.29 | 3.31 | 3.32 | 3.36 |
| Russia | 12.63 | 12.67 | 12.50 | 12.65 |
| Brazil | 10.52 | 10.52 | 10.66 | 10.62 |
| Germany | 2.20 | 2.14 | 2.19 | 2.01 |
| China | 2.53 | 2.52 | 2.54 | 2.63 |

| Top Traded Securities | Volume | 10-Jan | 9-Jan | 3-Jan | 12-Dec |
|-----------------------|--------|--------|-------|-------|--------|
| 7.26 2033 | 1,795 | 7.21 | 7.22 | 7.24 | 7.32 |
| 7.06 2028 | 1,960 | 7.32 | 7.36 | 7.37 | 7.44 |
| 7.62 2039 | - | 7.22 | 7.22 | 7.25 | 7.32 |
| 7.30 2053 | 1,775 | 7.40 | 7.42 | 7.45 | 7.48 |
| 6.64 2035 | 210 | 7.33 | 7.28 | 7.33 | 7.37 |
| 7.40 2035 | 70 | 7.27 | 7.32 | 7.35 | 7.36 |

| DEBT | | | |
|-----------|----------------|-------------|----------------|
| MF | Gross Purchase | Gross Sales | Net Investment |
| 11-Jan-24 | 378 | 422 | -45 |

| EQUITY | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 1185 | 1243 | -58 |

| TOTAL (Rs.Crs) | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 1563 | 1666 | -103 |

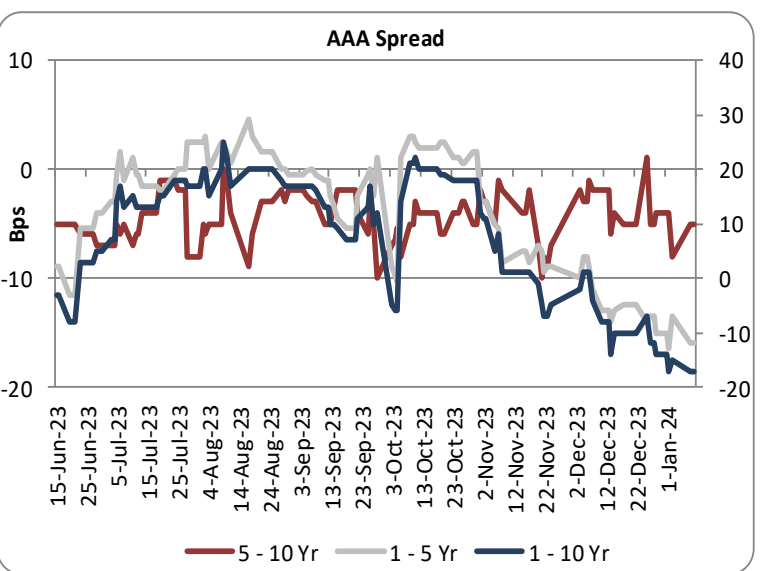
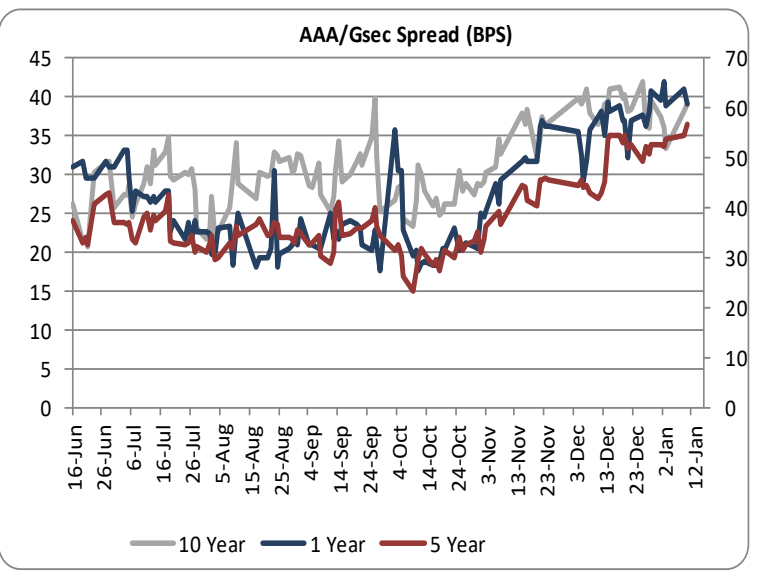
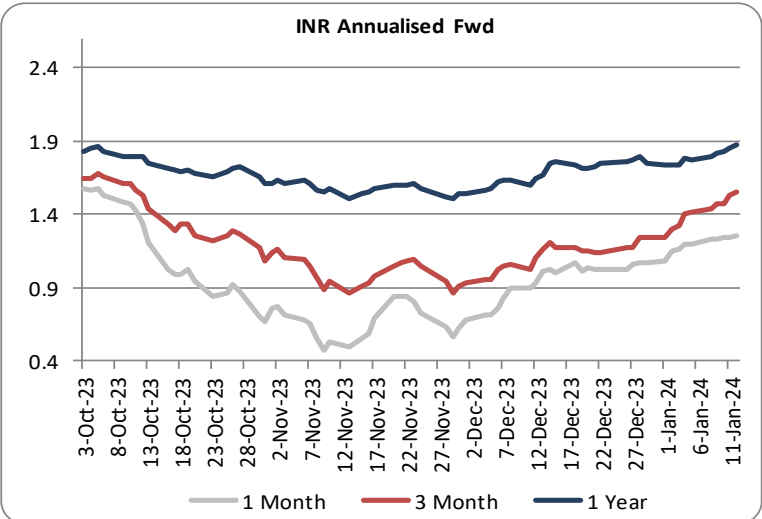
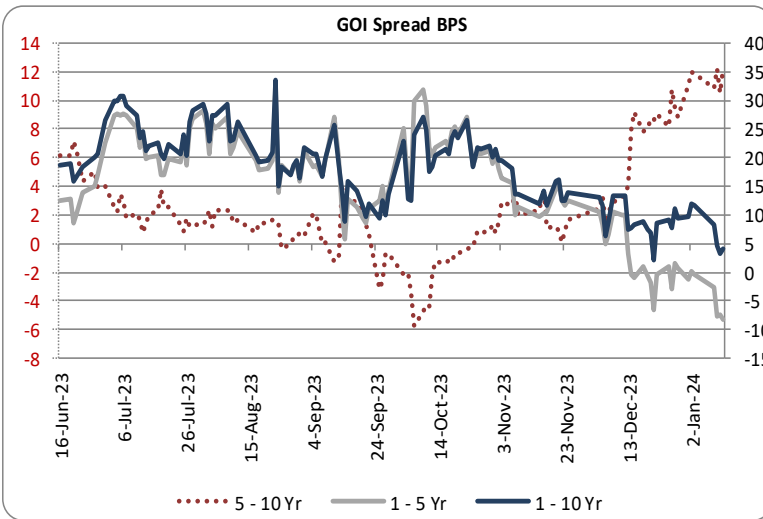
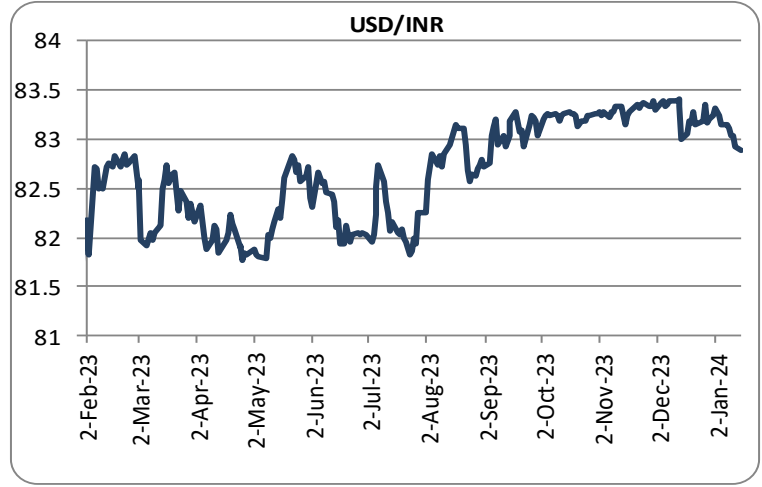
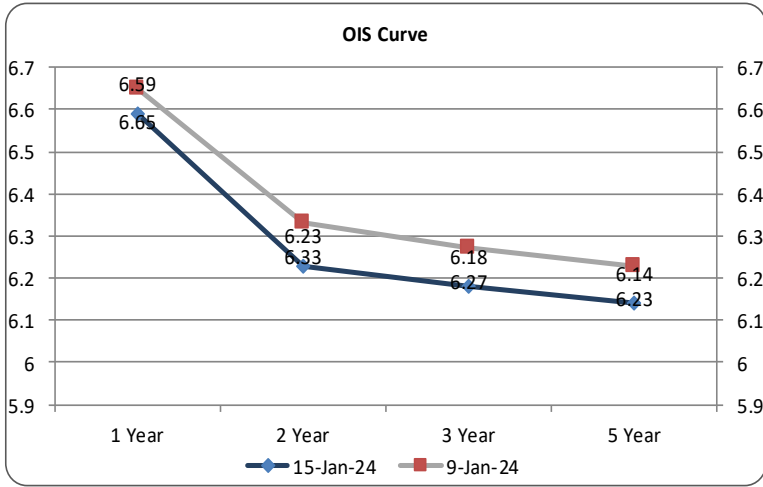
| DEBT | | | |
|-----------|----------------|-------------|----------------|
| FII | Gross Purchase | Gross Sales | Net Investment |
| 15-Jan-24 | 3094 | 482 | 2613 |

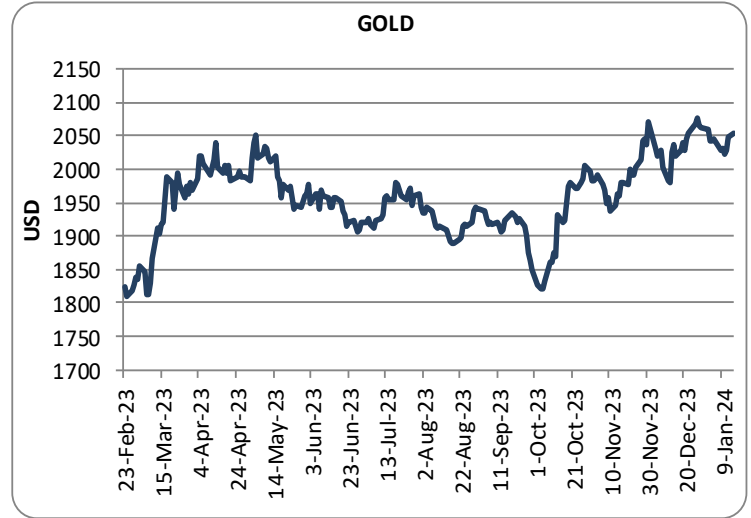
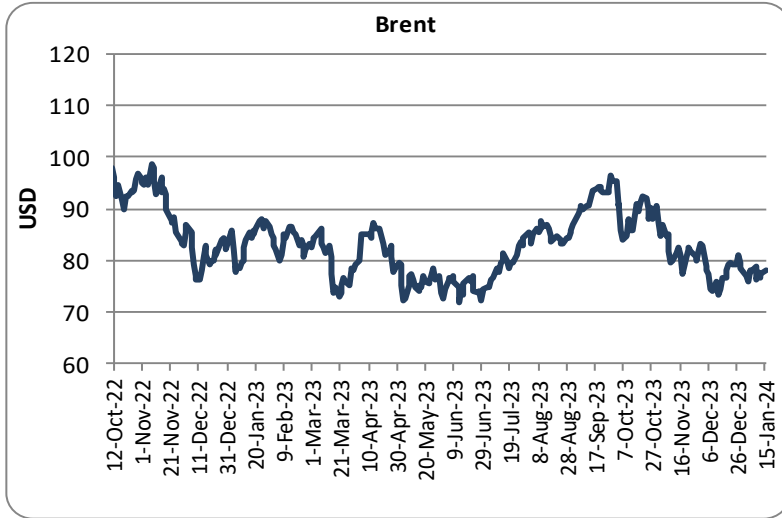
| EQUITY | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 11077 | 11507 | -431 |

| TOTAL (Rs. Crs) | | |
|-----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 14171 | 11989 | 2182 |

| 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 (%) | Dec-23 | 0.7 | 0.3 |
| CPI (%) | Dec-23 | 5.7 | 5.6 |
| IIP (%) | Nov-23 | 2.4 | 11.6 |
| PMI Manufacturing | Dec-23 | 54.9 | 56 |
| PMI Service | Dec-23 | 59 | 56.9 |

| Economic Calender | Country | Date | Poll | Prior |
|-------------------|-----------|-----------|--------|--------|
| CPI | USA | 11-Jan-24 | 3.2 | 3.1 |
| CPI | China | 12-Jan-24 | (0.40) | (0.50) |
| Industrial Output | UK | 12-Jan-24 | 0.70 | 0.40 |
| CPI | India | 12-Jan-24 | 5.87 | 5.55 |
| Q4 GDP | China | 17-Jan-24 | - | 4.90 |
| CPI | Euro Zone | 17-Jan-24 | 2.90 | 2.90 |
| Retail Sales | Brazil | 17-Jan-24 | - | 0.20 |
| CPI | Japan | 19-Jan-24 | - | 2.80 |





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

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