



BONDWATCH

Daily

September 15, 2023

INDIA

Indian government bond yields ended lower for the week amid growing optimism over the inclusion of local bonds in global indexes, despite rising on Friday after weaker-than-expected demand for debt sale.

The new 10-year benchmark 7.18% 2033 bond yield closed at 7.1644%, after ending the previous session at 7.1048%. The 10-year benchmark yield fell four basis points (bps) this week.

Market sentiment has been boosted with growth bets over India's inclusion in global bond indexes. Foreign investors have also stepped up purchases of bonds that have no limits on foreign investment to just under one trillion rupees (\$12.04 billion).

JPMorgan will likely review the composition of its index by early October, while a review of the FTSE global bond index is due before September end.

These bets got a boost after the Reserve Bank of India earlier this month sought views from market participants on the settlement of bonds via the Euroclear platform.

Elevated U.S. Treasury yields and oil prices added to concerns which were the primary reasons for weaker-than-expected bidding at the debt auction.

The 10-year U.S. Treasury yield was trading at 4.32% in Asian trading hours, with focus on the Federal Reserve's policy decision next week.

The benchmark Brent contract was trading around the critical \$95 per barrel mark, its highest level in 10 months.

The Indian rupee weakened 0.18% versus the U.S. dollar, and quoted at 83.19 per dollar, amid rising crude oil prices and persistent dollar demand from importers.

Repo: The weighted average call rates in the interbank segment increased to 6.75% vs 6.73% as on the previous day while that the TREP segment increased to 6.76% vs 6.75% as on the previous day.

Market Observations

G-sec

- Market opened on negative note as US jobless claim were lower than market expectations.
- Demand was seen in 2025 SDLs @7.35 levels by banks and Mutual funds.
- G-sec cut off was in line with market expectation apart from 7-year G-sec where demand was timid and cut off was 1bps higher.

Corporate Bonds

- Mutual funds and insurance companies were active in the 2025-2026 segment.

CP/CD

- Demand was seen in the 1-year segment.

GOI Yield	15-Sep	14-Sep	8-Sep	18-Aug
1 Year	7.040	7.040	7.010	7.025
5 Year	7.168	7.098	7.206	7.203
10 Year	7.799	7.130	7.207	7.217

AAA Bmk	15-Sep	14-Sep	8-Sep	18-Aug
1 Year	7.53	7.50	7.45	7.45
5 Year	7.64	7.64	7.64	7.71
10 Year	7.62	7.60	7.61	7.65

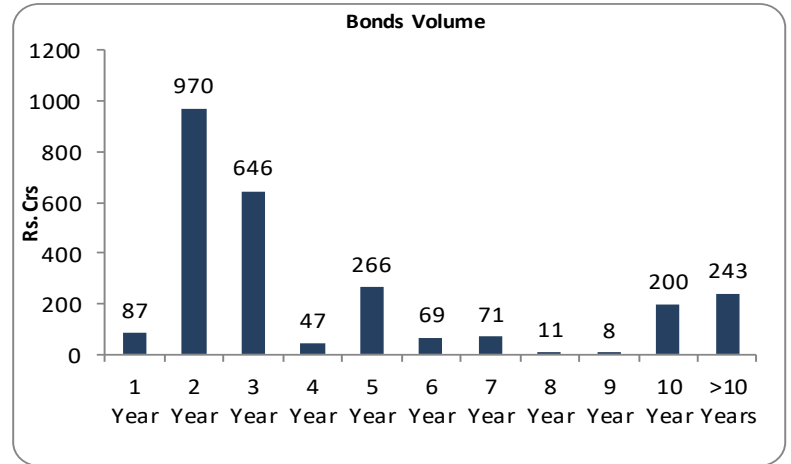
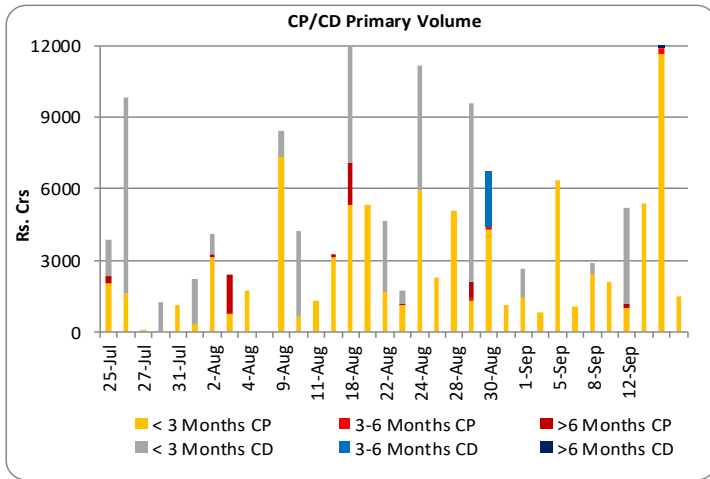
CD	15-Sep	14-Sep	8-Sep	18-Aug
3 Month	7.10	7.10	7.02	7.05
6 Month	7.25	7.25	7.25	7.30
1 Year	7.55	7.55	7.50	7.50

CP	15-Sep	14-Sep	8-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	15-Sep	14-Sep	8-Sep	18-Aug
1 Year	7.05	7.03	7.02	7.00
2 Year	6.84	6.78	6.78	6.75
3 Year	6.79	6.72	6.74	6.71
5 Year	6.73	6.69	6.69	6.67

	15-Sep	14-Sep	8-Sep	18-Aug
Sensex	67,839	67,519	66,599	64,949
Nifty	20,192	20,103	19,820	19,310
USD/INR	83.19	83.03	82.95	83.10
Gold (USD)	1,918	1,910	1,918	1,888
Oil (USD)	94.09	93.70	90.65	84.80

NDF	15-Sep	14-Sep	8-Sep	18-Aug
3 Month	83.47	83.40	83.26	83.45
1 Year	84.55	84.50	84.40	84.50
2 Year	86.94	86.73	86.60	86.66
3 Year	89.88	89.53	89.30	89.31



10 Year Benchmarks	15-Sep	14-Sep	8-Sep	18-Aug
India	7.17	7.10	7.20	7.21
US	4.33	4.29	4.26	4.25
South Korea	3.93	3.92	3.90	3.92
Russia	12.58	12.52	12.60	11.76
Brazil	11.28	11.28	11.34	11.23
Germany	2.65	2.60	2.60	2.62
China	2.67	2.63	2.67	2.57

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	18,885	7.20	7.17	7.18	7.15
7.06 2028	1,440	7.26	7.24	7.25	7.30
7.62 2039	20	7.21	7.20	7.19	7.18
7.30 2053	830	7.35	7.33	7.33	7.36
6.64 2035	10	7.17	7.16	7.22	7.24
7.40 2035	210	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

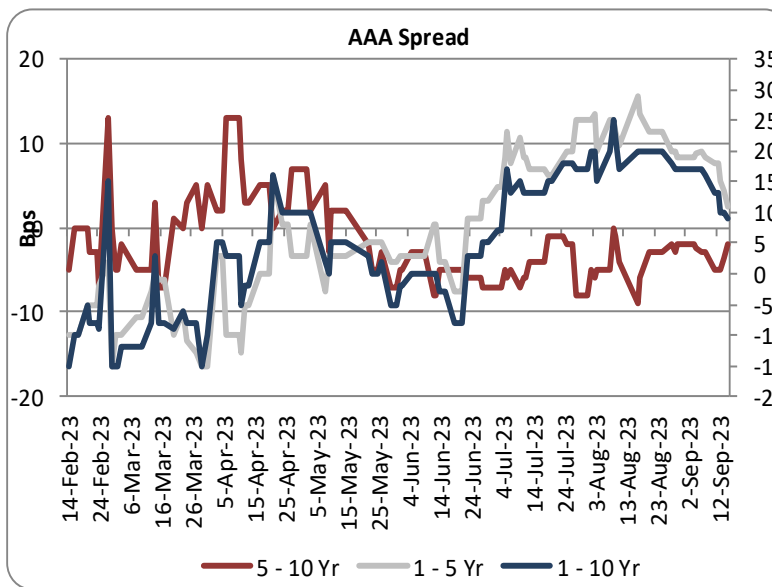
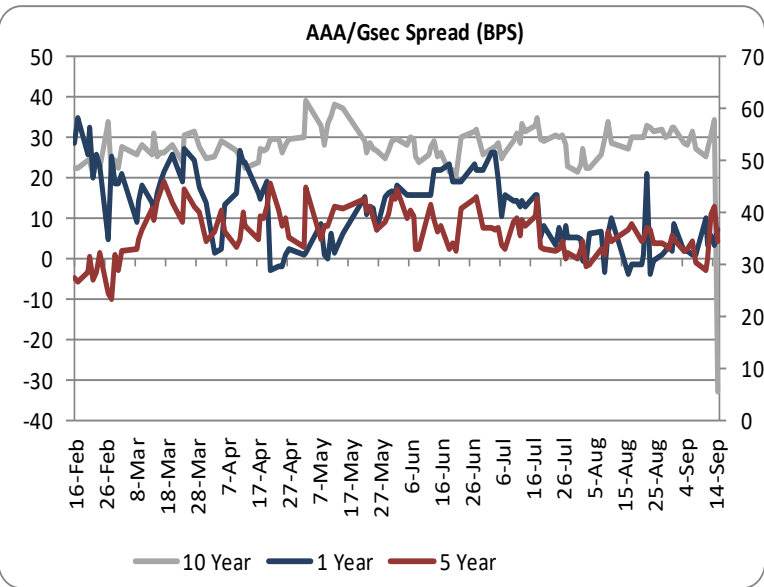
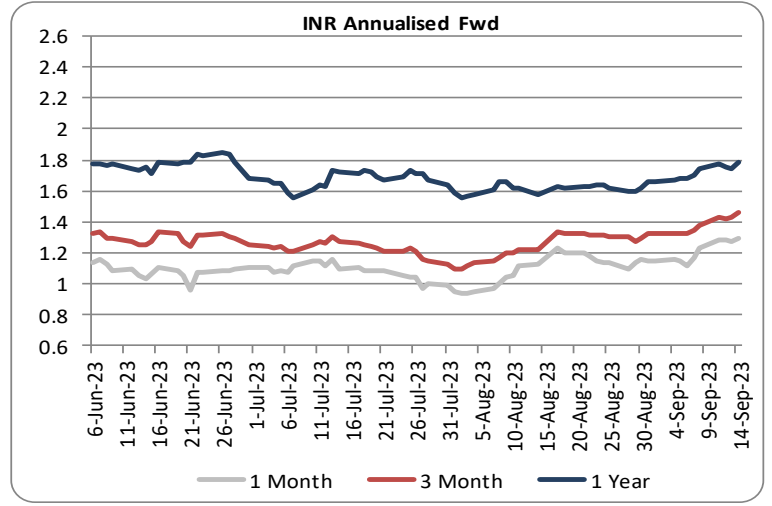
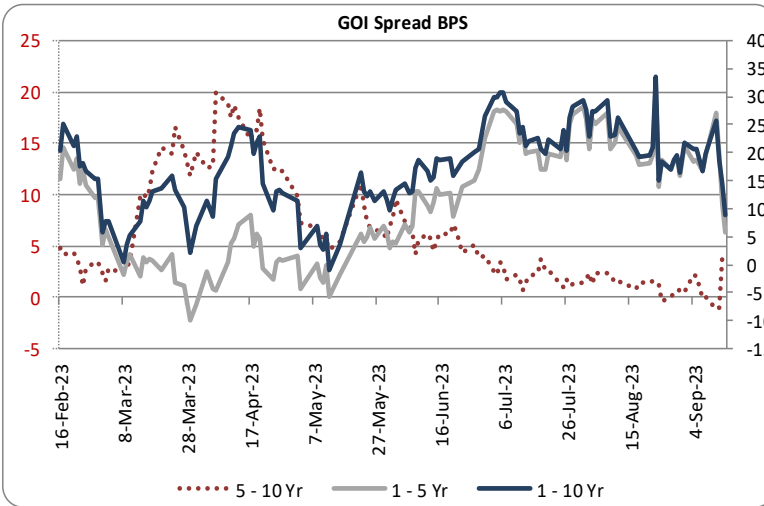
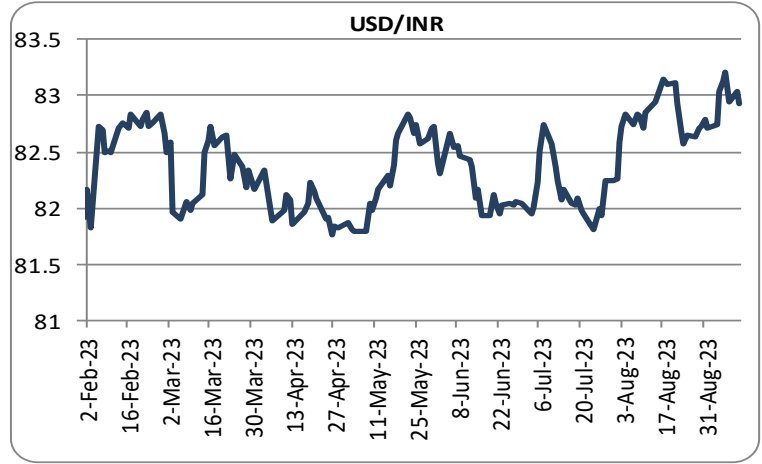
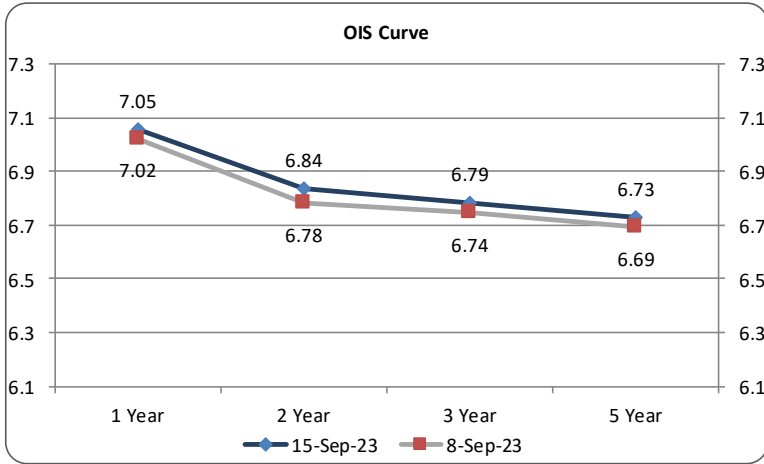
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
15-Sep-23	1097	628	469

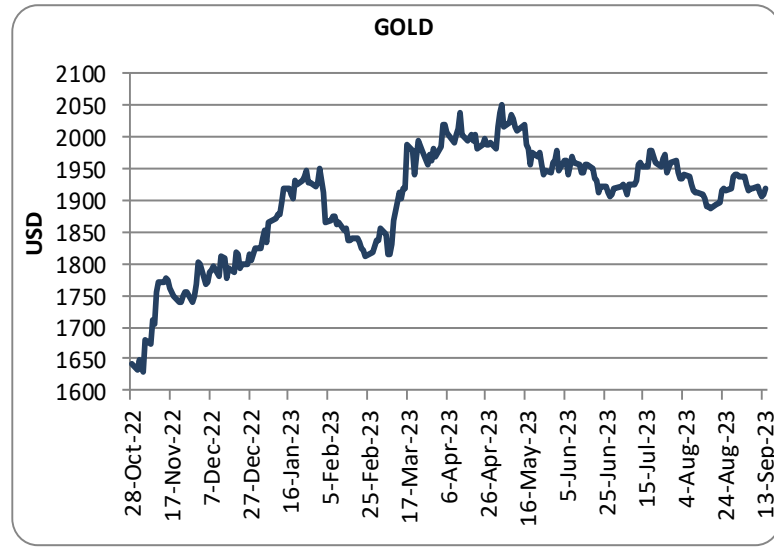
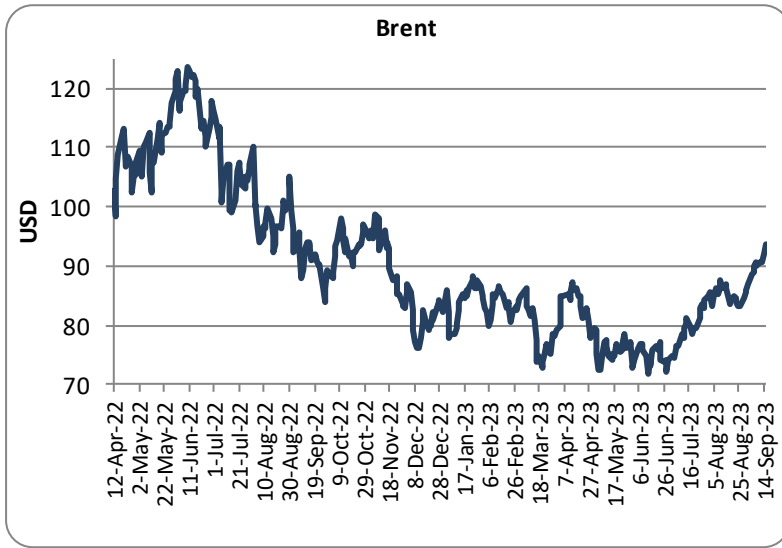
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	10117	9428	689

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	11214	10056	1158

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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