



BONDWATCH

Daily

INDIA

March 15, 2023

The 10-year benchmark 7.26% 2032 bond yield ended at 7.3526%, after closing lower at 7.3620% on Wednesday. Yields opened lower earlier in the day mirroring a drop in U.S. peers after problems at Swiss banking giant Credit Suisse stoked fears about the impact of rising yields on the global banking sector.

Issues at the European bank after the Silicon Valley Bank's collapse last week have raised bets that the Fed may pause its rate hike cycle. The U.S. central bank's policy decision is due Wednesday.

Fed funds futures are pricing in over 65% chance for a 25 basis point hike in March and 33% for rates being left unchanged. The Fed's decision will also help investors determine the future course of rate action by the Reserve Bank of India next month.

India's headline retail inflation was at 6.44% in February, above the central bank's target for the second consecutive month, increasing bets of another rate hike in April.

India's banking system liquidity slipped into a deficit after advance tax outflows, leading to a rise in overnight rates.

The Indian rupee weakened 0.17% versus the U.S. dollar, and quoted at 82.73 per dollar as concerns over a European lender dented broader risk sentiment.

Repo: The weighted average call rates in the interbank segment increased to 6.52% vs 6.34% as on the previous day while that the TREP segment increased to 6.61% vs 6.29% as on the previous day.

Market Observations

G-sec

- Indian government bond yields ended lower on Thursday tracking their U.S. peers, while focus shifted to the Federal Reserve's policy next week after the recent turmoil in the financial sector.
- Demand was seen in 2026 maturity SDLs by Mutual Funds at 7.5%
- Demand was seen in 12-to-15-year Gsec by Pension funds and 20 to 25-year Gsec by Pension funds and PDs
- Demand was seen in 6months and 1 yr T-Bill at 7.22 and 7.25 yield respectively. Narrowing the spread to 3bps.

Corporate Bonds

- Foreign banks were looking at 1 yr - 3yr papers to deploy funds in specifically in the NBFC space
- PSU bonds (3yr maturity) continue to be active, and participants were mainly Mutual Funds.

CP/CD

- Demand seen in 3 month to 1 yr segment.

GOI Yield	16-Mar	15-Mar	10-Mar	16-Feb
1 Year	7.240	7.260	7.380	7.140
5 Year	7.249	7.265	7.398	7.294
10 Year	7.353	7.362	7.432	7.343

AAA Bmk	16-Mar	15-Mar	10-Mar	16-Feb
1 Year	7.83	7.83	7.97	7.80
5 Year	7.82	7.82	7.90	7.70
10 Year	7.75	7.75	7.85	7.70

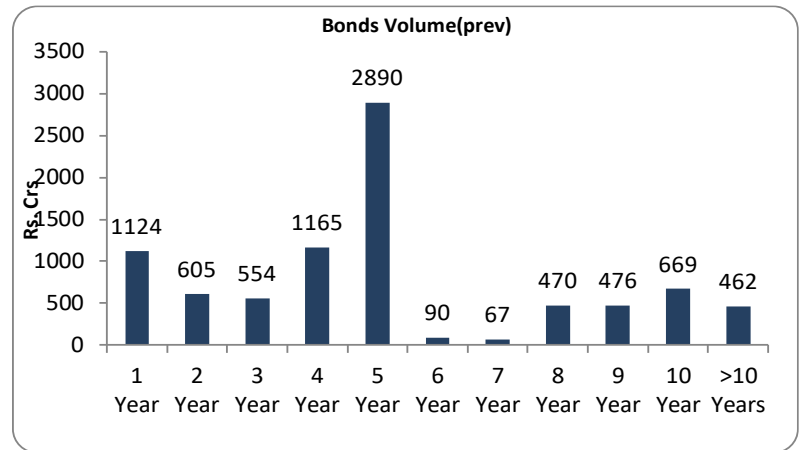
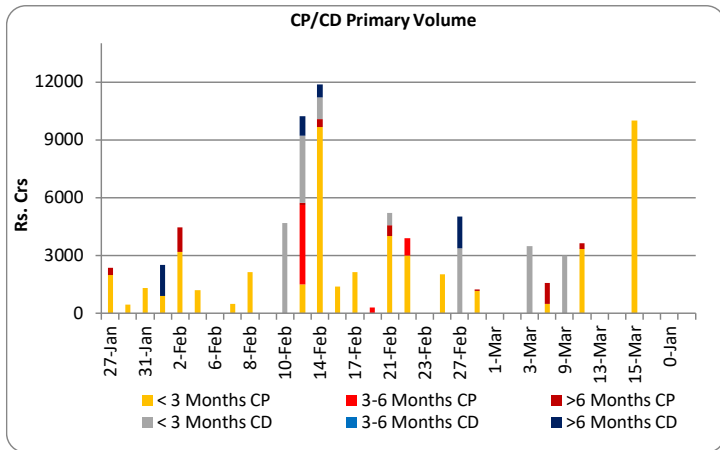
CD	16-Mar	15-Mar	10-Mar	16-Feb
3 Month	7.50	7.50	7.45	7.30
6 Month	7.65	7.65	7.65	7.65
1 Year	7.80	7.80	7.85	7.80

CP	16-Mar	15-Mar	10-Mar	16-Feb
3 Month	7.60	7.55	8.00	7.40
6 Month	7.75	7.75	8.20	7.75
1 Year	7.90	8.05	8.30	7.90

OIS Rate	16-Mar	15-Mar	10-Mar	16-Feb
1 Year	6.73	6.79	7.02	6.89
2 Year	6.33	6.40	6.67	6.54
3 Year	6.34	6.37	6.57	6.42
5 Year	6.33	6.38	6.56	6.42

	16-Mar	15-Mar	10-Mar	16-Feb
Sensex	57,635	57,556	59,135	61,320
Nifty	16,986	16,972	17,413	18,036
USD/INR	82.73	82.60	82.04	82.72
Gold (USD)	1,923	1,918	1,868	1,837
Oil (USD)	73.57	73.69	82.78	85.14

NDF	16-Mar	15-Mar	10-Mar	16-Feb
3 Month	83.36	83.25	82.54	83.10
1 Year	84.81	84.63	83.91	84.33
2 Year	87.67	86.79	85.98	86.22
3 Year	90.44	89.49	88.80	88.67



10 Year Benchmarks	16-Mar	15-Mar	10-Mar	16-Feb
India	7.35	7.36	7.43	7.34
US	3.47	3.49	3.70	3.84
South Korea	3.39	3.42	3.58	3.48
Russia	10.99	10.99	10.92	11.01
Brazil	13.24	13.24	13.18	13.41
Germany	2.26	2.12	2.50	2.48
China	2.86	2.88	2.88	2.90

Top Traded Securities	Volume	16-Mar	15-Mar	10-Mar	16-Feb
5.74 2026	320	7.24	7.24	7.39	7.26
7.38 2027	-	7.24	7.26	7.40	7.29
7.10 2029	65	7.31	7.33	7.42	7.33
6.54 2032	110	7.37	7.40	7.45	7.36
7.26 2032	-	7.35	7.36	7.43	7.34
7.54 2036	-	7.43	7.44	7.49	7.42

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
10-Mar-23	1892	1540	352

EQUITY		
Gross Purchase	Gross Sales	Net Investment
3637	3786	-148

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5529	5326	203

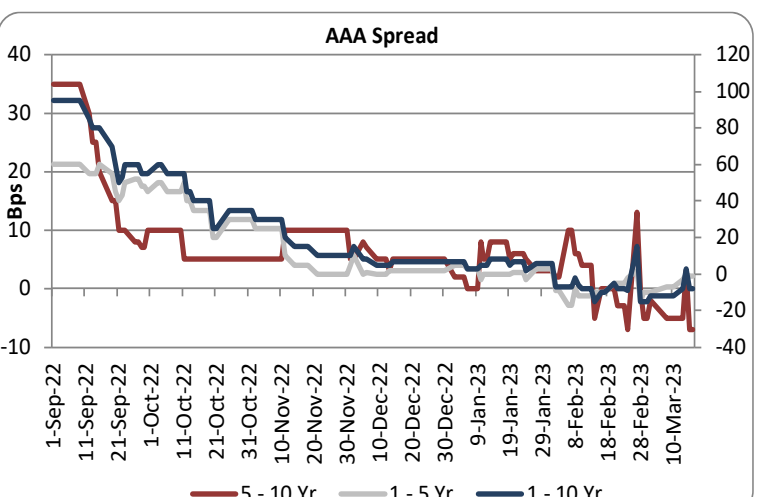
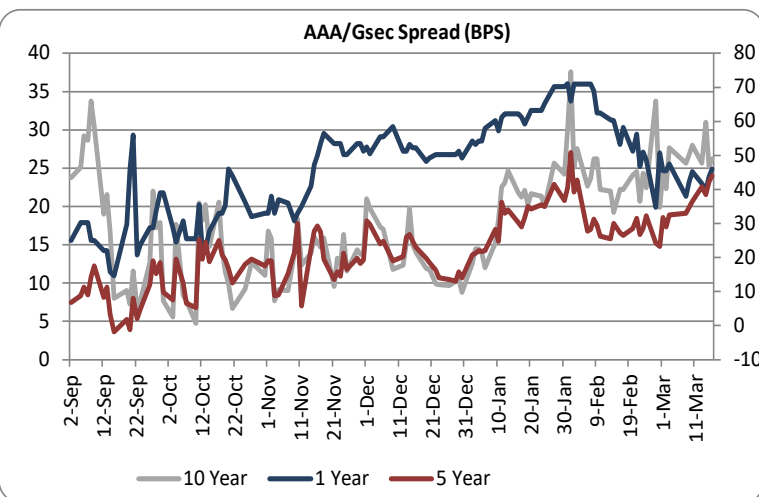
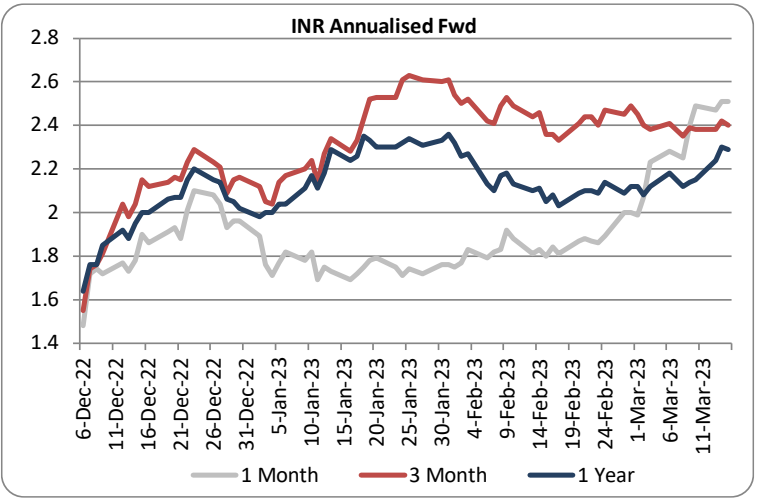
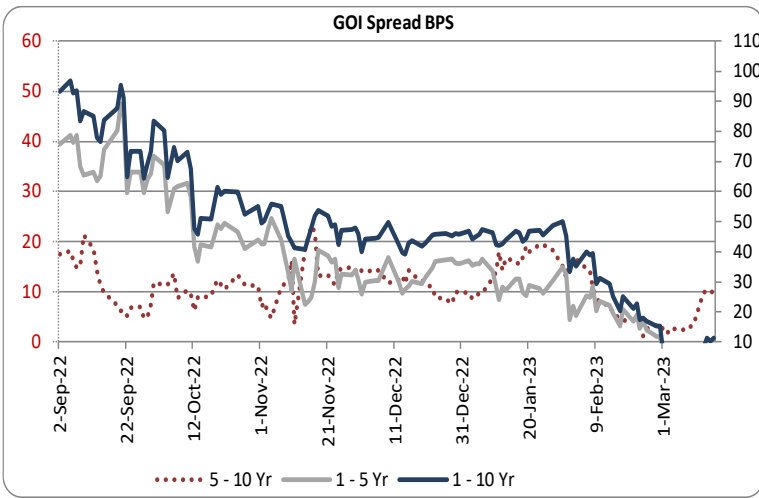
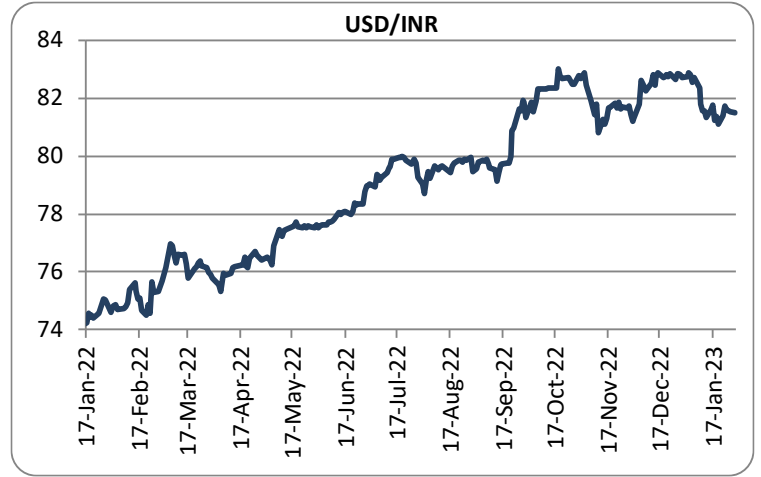
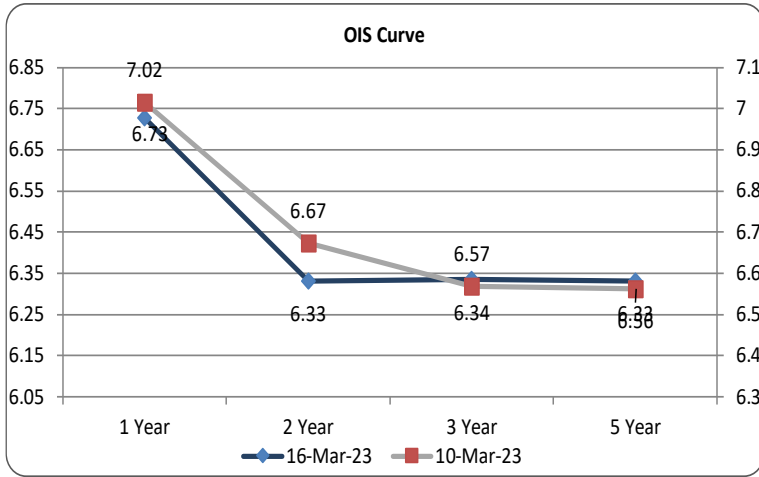
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
16-Mar-23	957	836	121

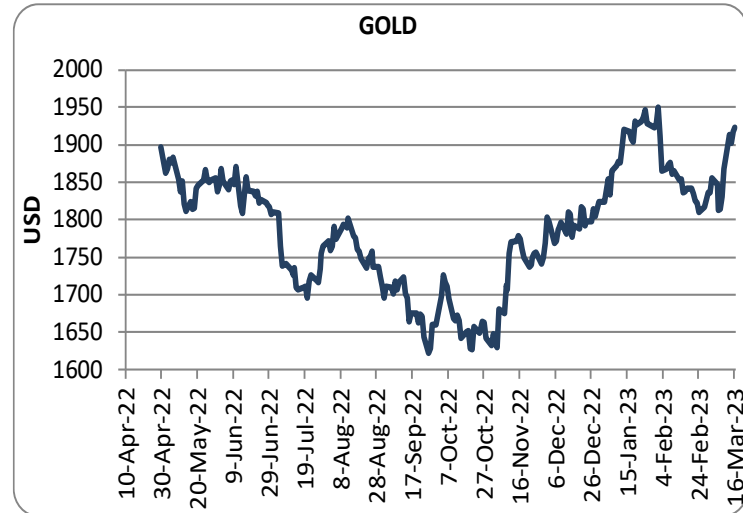
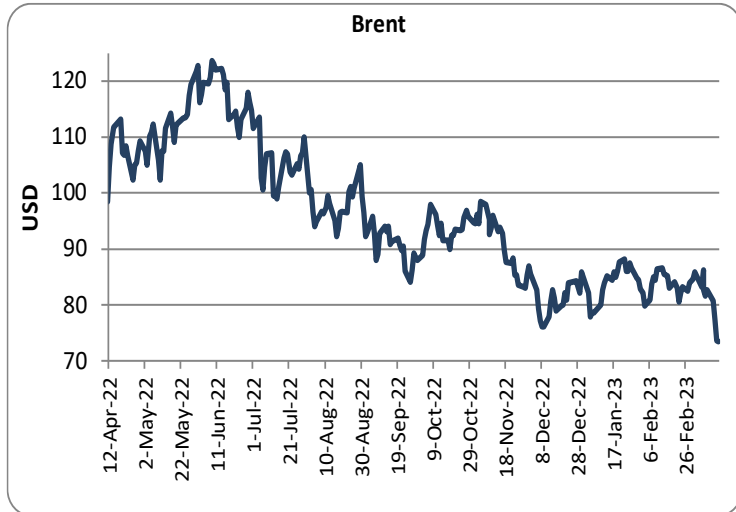
EQUITY		
Gross Purchase	Gross Sales	Net Investment
5738	6984	-1247

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
6695	7820	-1126

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Feb-23	3.9	4.7
CPI (%)	Feb-23	6.4	6.5
IIP (%)	Jan-23	5.2	4.3
PMI Manufacturing	Feb-23	55.3	55.4
PMI Service	Feb-23	59.4	57.2

Economic Calender	Country	Date	Poll	Prior
Industrial Output	Poland	20-Mar-23	1.00	2.60
Retail Sales	Poland	21-Mar-23	15.00	15.10
CPI	UK	22-Mar-23	-	10.10
CPI	South Africa	22-Mar-23	-	6.90
Unemployment rate	Russia	29-Mar-23	3.80	3.60
Industrial Output	Brazil	30-Mar-23	-	(1.30)
GDP Final	USA	30-Mar-23	-	2.70
Repo Rate	South Africa	30-Mar-23	-	7.25





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

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