



Indian government bond yields declined on Thursday, tracking a sharp drop in U.S. peers as inflation in the world's largest economy came in lower-than-estimated, raising rate cut bets.

The benchmark 10-year yield ended at 7.0758% after closing at 7.0821% in the previous session.

U.S. yields dropped on Wednesday and eased further in Asian hours on Thursday after data showed U.S. consumer price inflation cooled in April, boosting expectations that the Federal Reserve will cut interest rates twice this year.

The consumer price index rose 0.3% last month after advancing 0.4% in March and February. In the 12 months through April, the CPI increased 3.4% after climbing 3.5% in March. Inflation accelerated in the first quarter on strong domestic demand after moderating for much of last year.

The odds of a rate cut in September have risen to 75%, up from 65%, while the futures market has fully priced in two rate cuts by the U.S. central bank in 2024.

Meanwhile, the government of India accepted bonds worth around 21 billion rupees (\$251.55 million) at the buyback auction as against the notified quantum of 600 billion rupees.

Oil prices stabilized on Thursday after US stock dropped and inflation in the economy slowed.

The Indian rupee was flat versus the U.S. dollar, and quoted at 83.51 per dollar as dollar demand from local oil companies and likely equity-related outflows weighed on the local unit even as most other Asian currencies rallied.

Repo: The weighted average call rates in the interbank segment remained the same at 6.48% vs 6.48% as on the previous day while that the TREP segment decreased to 6.25% vs 6.29% as on the previous day.

### Market Observations

#### G-sec

- Market rallied and opened 3bps better than yesterday closing following the US yields.
- Selling was seen in 10-year and above SDLs @7.40 centric levels by traders.

#### Corporate Bonds

- Activity was seen throughout all segments and Mutual funds and banks were active participants.
- Mutual funds, banks and pension funds were active in the longer segment.

#### CP/CD

- Major activity was seen in the 1 to 2-month segment.

GOI Yield	16-May	15-May	9-May	18-Apr
1 Year	7.050	7.055	7.060	7.050
5 Year	7.065	7.078	7.119	7.196
10 Year	7.076	7.082	7.132	7.191

AAA Bmk	16-May	15-May	9-May	18-Apr
1 Year	7.70	7.65	7.65	7.70
5 Year	7.64	7.67	7.70	7.69
10 Year	7.55	7.58	7.60	7.55

CD	16-May	15-May	9-May	18-Apr
3 Month	7.25	7.25	7.30	7.10
6 Month	7.40	7.40	7.50	7.35
1 Year	7.70	7.70	7.70	7.50

CP	16-May	15-May	9-May	18-Apr
3 Month	7.45	7.45	7.40	7.25
6 Month	7.50	7.50	7.60	7.45
1 Year	7.75	7.75	7.80	7.60

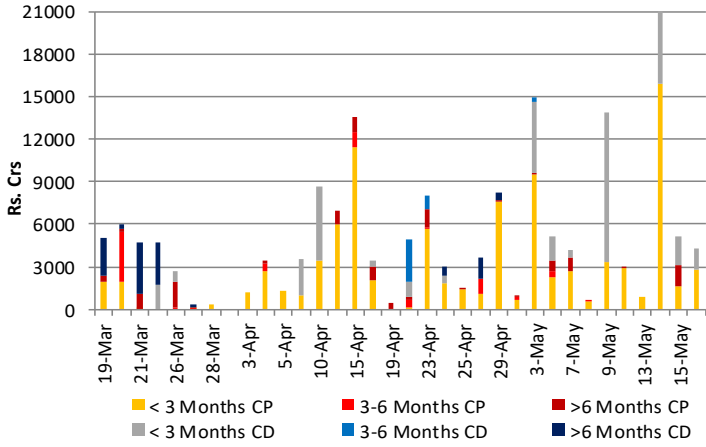
OIS Rate	16-May	15-May	9-May	18-Apr
1 Year	6.78	6.80	6.83	6.86
2 Year	6.49	6.52	6.59	6.63
3 Year	6.44	6.47	6.54	6.59
5 Year	6.39	6.43	6.52	6.55

	16-May	15-May	9-May	18-Apr
Sensex	73,664	72,987	72,404	72,489
Nifty	22,404	22,201	21,958	21,996
USD/INR	83.50	83.50	83.50	83.54
Gold (USD)	2,385	2,386	2,346	2,378
Oil (USD)	82.64	82.75	83.88	87.11

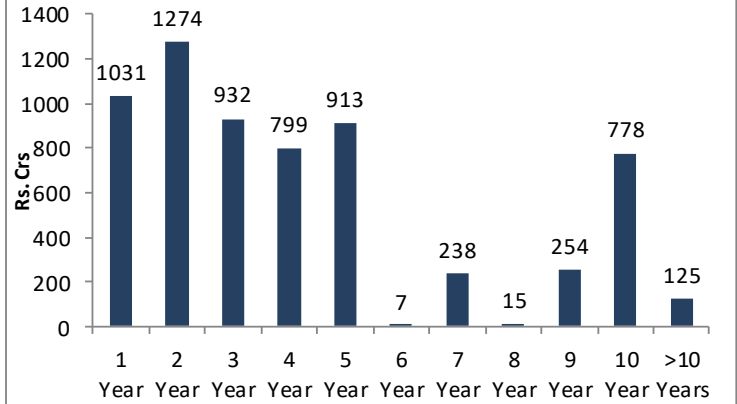
NDF	16-May	15-May	9-May	18-Apr
3 Month	83.74	83.68	83.70	83.80
1 Year	84.92	84.80	84.89	84.92
2 Year	87.01	86.87	86.96	86.97
3 Year	89.75	89.34	89.43	89.42



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	16-May	15-May	9-May	18-Apr
India	7.08	7.09	7.14	7.18
US	4.34	4.36	4.45	4.65
South Korea	3.45	3.55	3.56	3.56
Russia	14.99	14.98	14.70	14.23
Brazil	11.55	11.55	11.72	11.55
Germany	2.43	2.42	2.50	2.49
China	2.32	2.30	2.32	2.26

Top Traded Securities	Volume	14-May	13-May	7-May	13-Apr
7.26 2033	100	7.13	7.13	7.15	#N/A
7.06 2028	615	7.10	7.11	7.12	#N/A
7.62 2039	-	7.15	7.15	7.18	0.00
7.30 2053	935	7.18	7.20	7.23	#N/A
6.64 2035	55	7.17	7.14	7.18	#N/A
7.40 2035	75	7.16	7.16	7.16	0.00

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
14-May-24	9191	6358	2833

EQUITY		
Gross Purchase	Gross Sales	Net Investment
9255	10843	-1587

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
18447	17201	1246

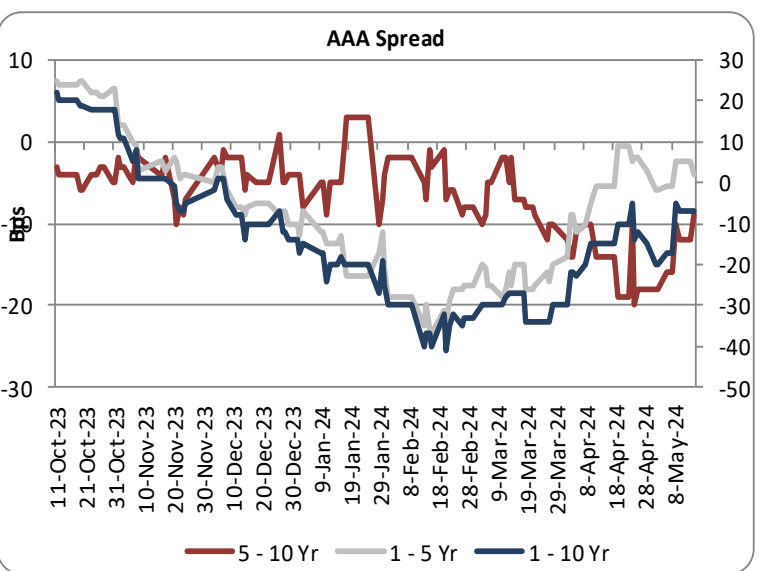
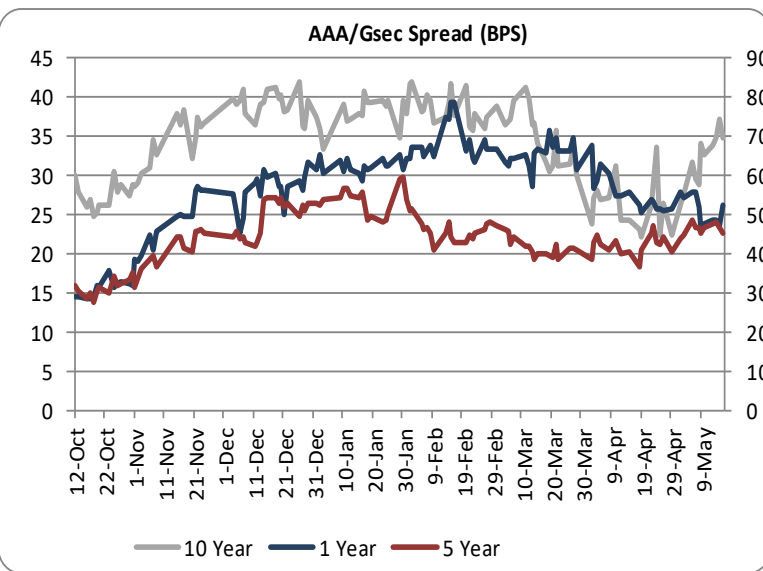
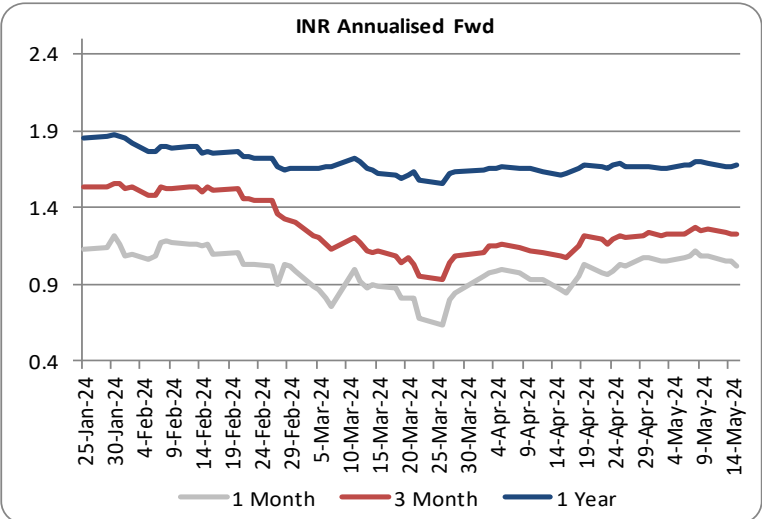
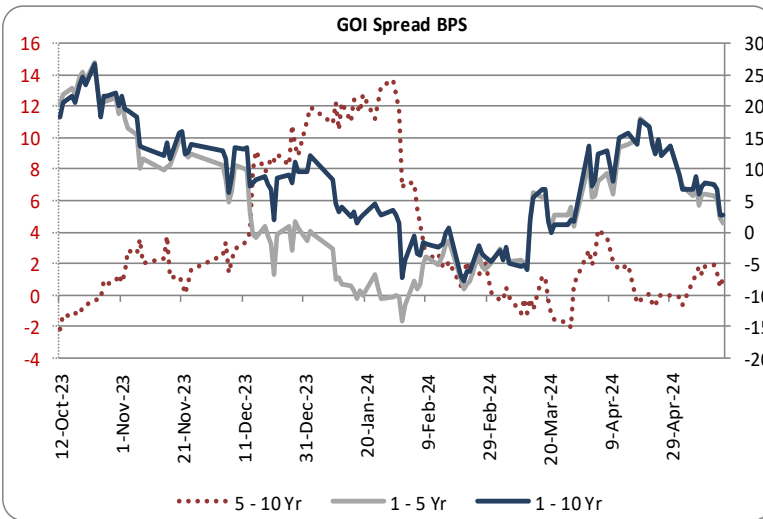
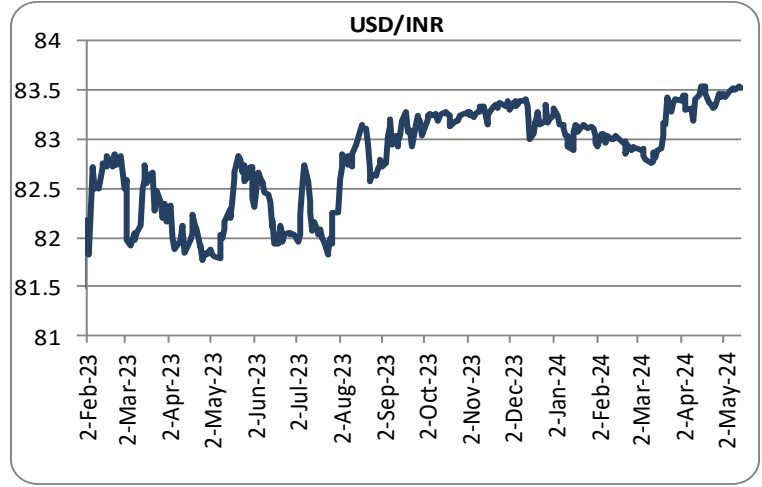
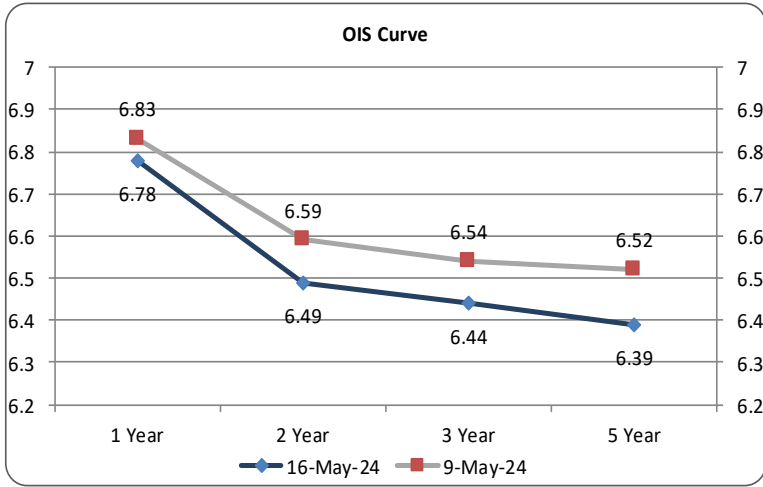
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
16-May-24	1786	478	1308

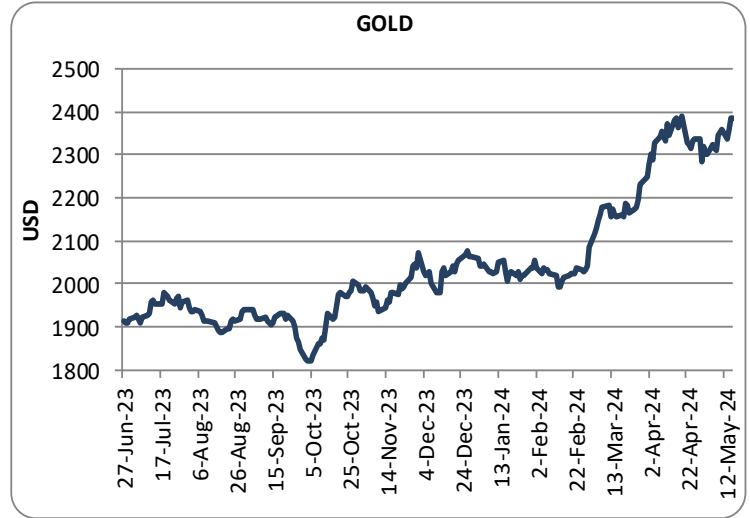
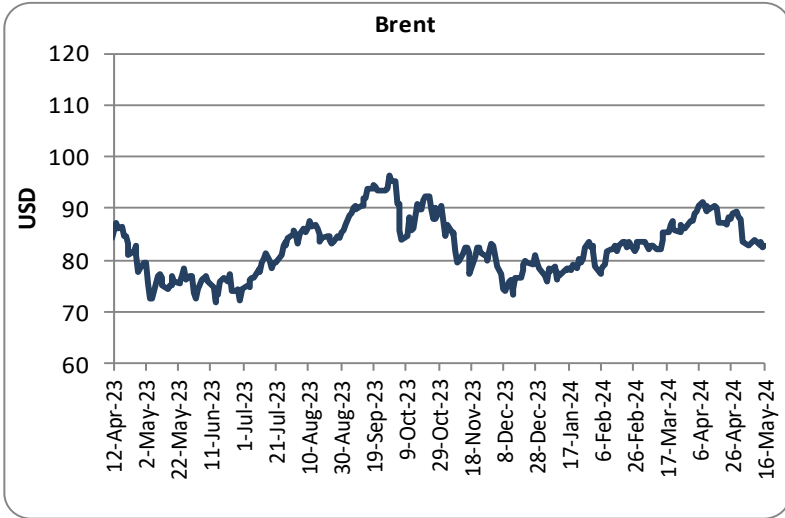
EQUITY		
Gross Purchase	Gross Sales	Net Investment
11622	13961	-2339

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
13407	14438	-1031

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-23	8.4	8.1
CAD (\$ Bn)	Dec-23	-10.5	-11.4
Trade Deficit (\$ Bn)	Dec-23	-71.6	-61.0
WPI (%)	Apr-24	1.3	0.5
CPI (%)	Apr-24	4.8	4.9
IIP (%)	Mar-24	4.9	5.6
PMI Manufacturing	Apr-24	58.8	59.1
PMI Service	Apr-24	60.8	61.2

Economic Calender	Country	Date	Poll	Prior
Industrial Production	Euro Zone	15-May-24	-1.2	-6.4
CPI	USA	15-May-24	3.40	3.50
Unemployment rate	Australia	16-May-24	3.70	3.10
Retail Sales	China	17-May-24	-	(4.76)
CPI	Canada	21-May-24	-	2.90
CPI	Japan	24-May-24	-	2.60
Retail Sales	UK	24-May-24	-	0.80
CPI	Australia	29-May-24	-	3.80





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

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