



# BONDWATCH

Daily

October 16, 2023

INDIA

Indian government bond yields ended higher on Monday as a rise in oil prices weighed on the sentiment, while investors remained wary of the central bank's next move on additional supply.

The 10-year benchmark 7.18% 2033 bond yield ended at 7.3355% after closing at 7.3166% in the previous session.

Oil prices jumped as investors priced in the possibility of a wider Middle East conflict which could impact supply chains. The benchmark Brent crude contract was trading above \$90 per barrel, stoking concerns about one of the most significant geopolitical risks to oil markets since Russia's invasion of Ukraine last year.

Elevated oil prices could mount pressure on local inflation after a soft September reading was outweighed by sticky U.S. inflation print last week that fueled bets of higher-for-longer interest rates in the world's largest economy.

Indian inflation rate eased to 5.02% in September from 6.83% in August but remained above the central bank's 4% target.

Meanwhile, yields remained elevated after the Reserve Bank of India announced its intention to sell bonds via auctions to absorb banking system liquidity and market participants expect the central bank to sell 500 billion rupees (\$6 billion) of bonds.

Market participants continue to eye the RBI's timing and choice of papers for debt sale, as the banking system liquidity continues to remain in deficit for four straight weeks.

The Indian rupee weakened 0.02% versus the U.S. dollar, and quoted at 83.28 per dollar, as likely U.S. dollar sales from the Reserve Bank of India (RBI) supported the local unit in the face of rising oil prices.

Repo: The weighted average call rates in the interbank segment decreased to 6.72% vs 6.73% as on the previous day while that the TREP segment decreased to 6.75% vs 6.76% as on the previous day.

## Market Observations

### G-sec

- Market witnessed muted volume as it got given a few more bps.
- Foreign banks were buying 3-year G-sec @7.35 centric levels.
- Selling was seen in 7-year G-sec by foreign banks @7.40 centric levels

### Corporate Bonds

- Mutual funds were active in the 2026 segment.

### CP/CD

- Activity was seen in the 11-month to 1-year segment.

GOI Yield	16-Oct	13-Oct	9-Oct	15-Sep
1 Year	7.120	7.112	7.110	7.040
5 Year	7.349	7.329	7.428	7.168
10 Year	7.336	7.317	7.381	7.199

AAA Bmk	16-Oct	13-Oct	9-Oct	15-Sep
1 Year	7.53	7.53	7.54	7.53
5 Year	7.77	7.77	7.80	7.64
10 Year	7.73	7.73	7.75	7.62

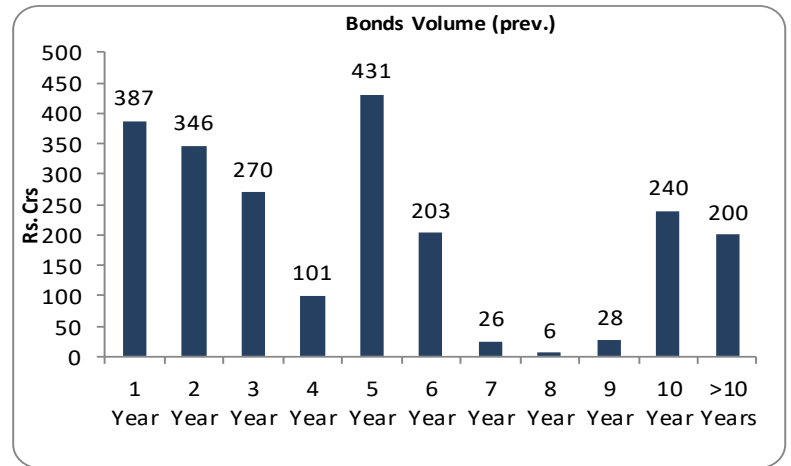
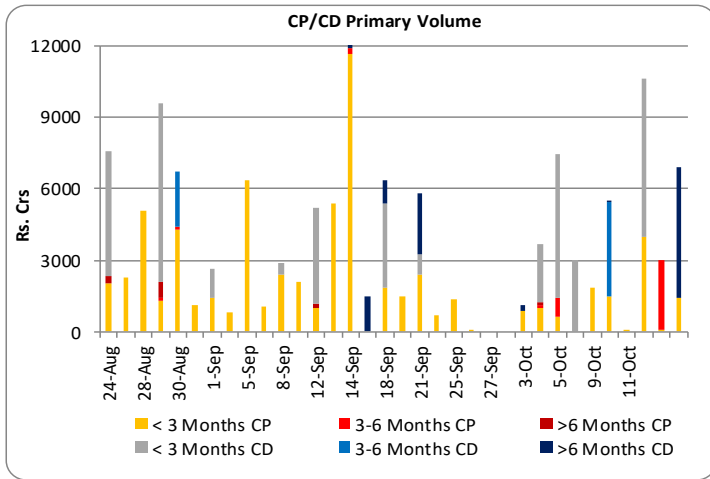
CD	16-Oct	13-Oct	9-Oct	15-Sep
3 Month	7.15	7.18	7.15	7.10
6 Month	7.45	7.40	7.35	7.25
1 Year	7.70	7.60	7.60	7.55

CP	16-Oct	13-Oct	9-Oct	15-Sep
3 Month	7.15	7.28	7.25	7.20
6 Month	7.55	7.50	7.45	7.35
1 Year	7.80	7.70	7.70	7.65

OIS Rate	16-Oct	13-Oct	9-Oct	15-Sep
1 Year	6.98	6.94	7.05	7.05
2 Year	6.71	6.68	6.85	6.84
3 Year	6.69	6.66	6.85	6.79
5 Year	6.68	6.67	6.89	6.73

	16-Oct	13-Oct	9-Oct	15-Sep
Sensex	66,167	66,283	65,512	67,839
Nifty	19,732	19,751	19,512	20,192
USD/INR	83.28	83.26	83.26	83.19
Gold (USD)	1,916	1,932	1,861	1,924
Oil (USD)	90.68	90.89	88.15	93.93

NDF	16-Oct	13-Oct	9-Oct	15-Sep
3 Month	83.56	83.62	83.78	83.36
1 Year	84.74	84.77	84.99	84.53
2 Year	86.84	86.83	87.13	86.75
3 Year	89.33	89.43	89.73	89.55



10 Year Benchmarks	16-Oct	13-Oct	9-Oct	15-Sep
India	7.34	7.32	7.39	7.16
US	4.70	4.63	4.78	4.32
South Korea	4.18	4.18	4.24	3.93
Russia	12.24	12.24	12.32	12.49
Brazil	11.90	11.83	11.81	11.27
Germany	2.78	2.73	2.77	2.67
China	2.70	2.71	2.70	2.67

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	895	7.20	7.17	7.18	7.15
7.06 2028	265	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	265	#N/A	#N/A	#N/A	7.23
6.64 2035	140	7.17	7.16	7.22	7.24
7.40 2035	-	7.20	7.18	7.24	7.23

DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
12-Oct-23	5212	4001	1212

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	5098	4823	275

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	10310	8823	1486

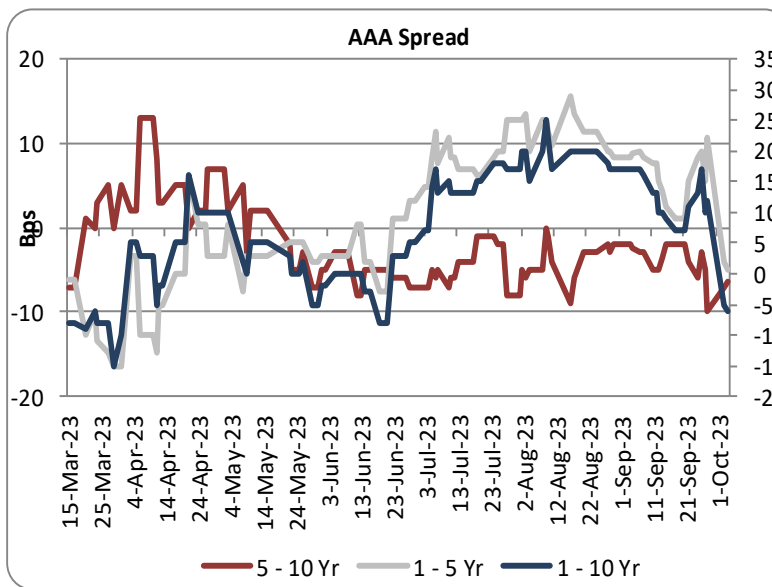
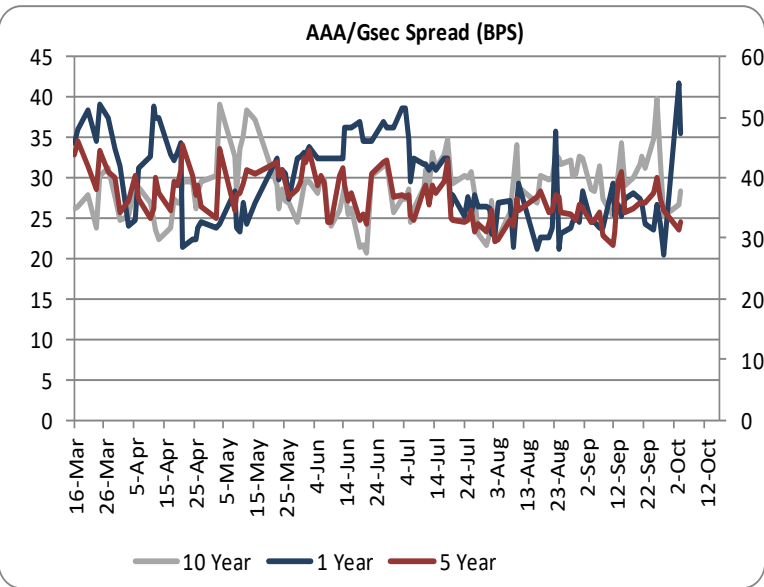
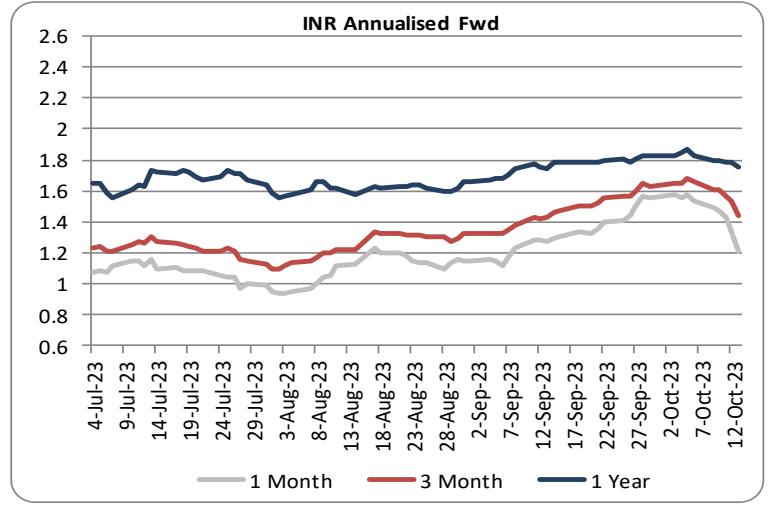
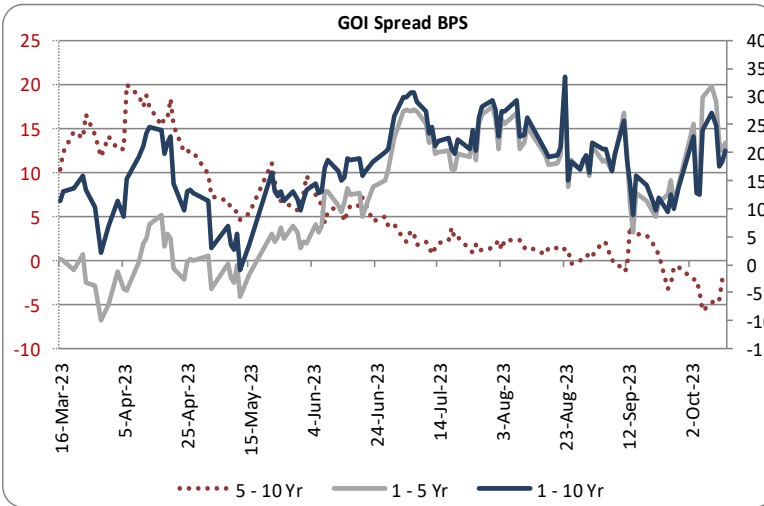
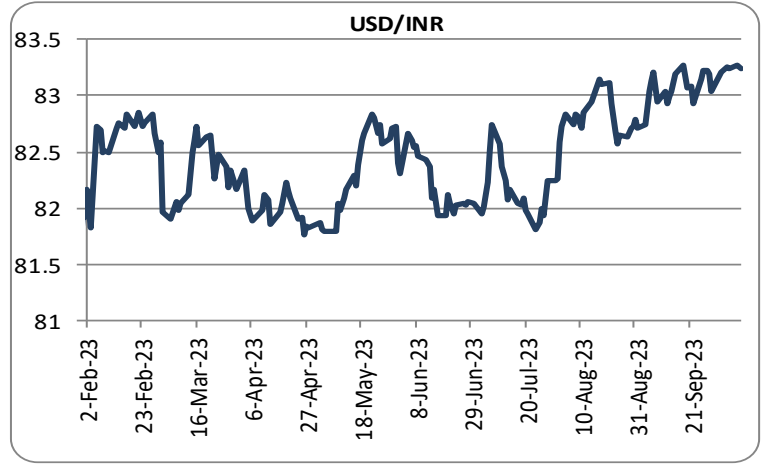
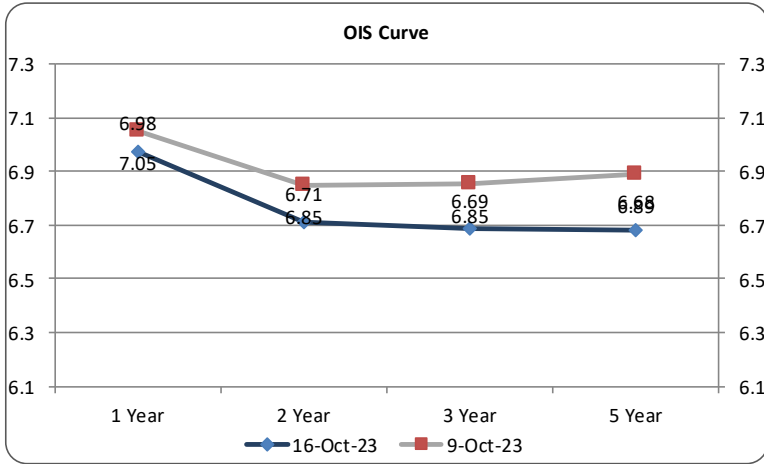
DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
16-Oct-23	1634	906	727

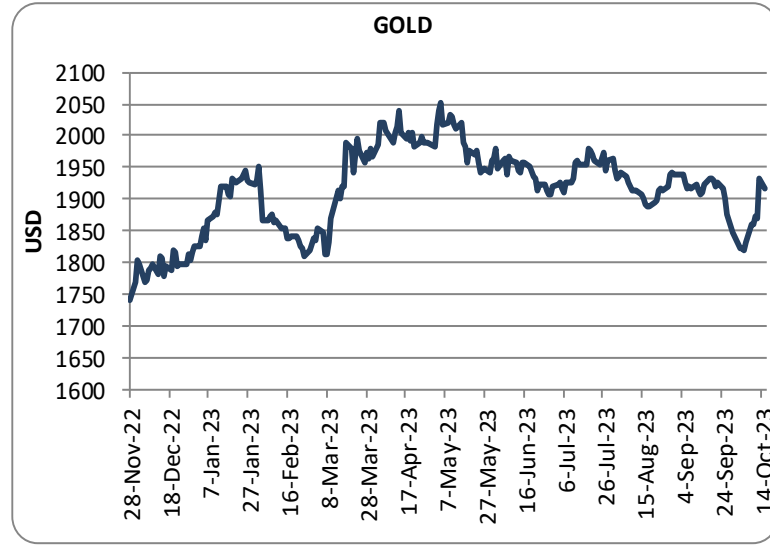
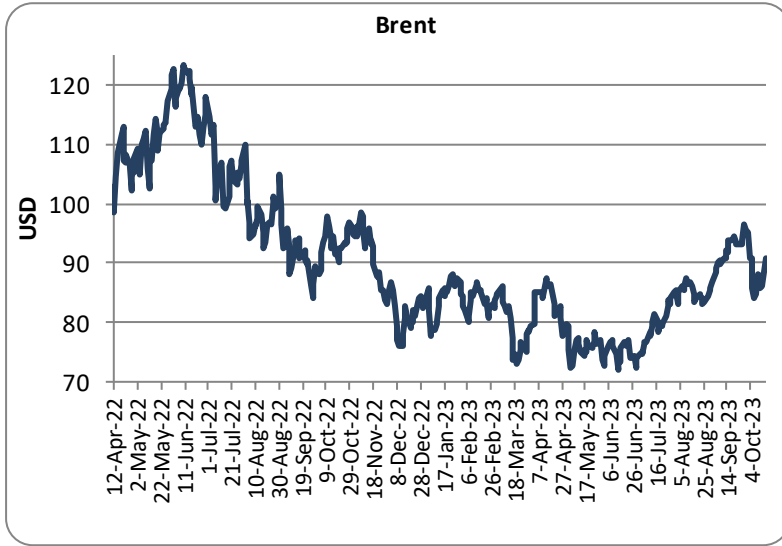
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	10345	9964	382

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	11979	10870	1109

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Jun-23	-9.2	-1.3
Trade Deficit (\$ Bn)	Jun-23	-56.6	-52.6
WPI (%)	Sep-23	-0.3	-0.5
CPI (%)	Sep-23	5.0	6.8
IIP (%)	Aug-23	10.3	5.7
PMI Manufacturing	Sep-23	57.5	58.6
PMI Service	Sep-23	61	60.1

Economic Calender	Country	Date	Poll	Prior
Repo Rate	India	6-Oct-23	6.5	6.5
Unemployment Rate	USA	06-Oct-23	3.70	3.80
Industrial Output	Germany	09-Oct-23	-	(2.25)
CPI	Germany	11-Oct-23	-	4.50
CPI	India	12-Oct-23	-	6.83
CPI	USA	12-Oct-23	-	3.70
CPI	China	13-Oct-23	-	0.10
WPI	India	13-Oct-23	-	(0.52)





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

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