



# BONDWATCH

INDIA

Daily

August 17, 2023

Indian government bond yields surged on Thursday tracking U.S. peers, while a sharp jump in local inflation dented investor sentiment. The benchmark 7.26% 2033 bond yield ended at 7.2487%, its highest since April 5, compared to its previous close of 7.2034%.

The benchmark bond yield mainly rose because U.S. yields have been rising with Fed minutes not providing much comfort.

U.S. yields have been rising for the last six sessions on growing expectations that a resilient economy will ensure interest rates remain higher for longer.

Benchmark 10-year U.S. yields hit a 10-month high on Wednesday after the Federal Reserve's July meeting minutes showed that officials were divided over the need for more interest rate hikes. The Fed raised rate by 25 basis points in July to 5.25%-5.50% range.

Back home, July retail inflation spiked to 7.44% from 4.87% in the previous month as vegetable and cereals prices skyrocketed, beating expectations.

The July figure was the highest since April 2022 and breached the upper end of the Reserve Bank of India's inflation band for the first time in five months, which could prompt the central bank to turn more hawkish.

Indian overnight index swap rates rose to their highest levels in more than five months amid growing expectations of yet another rate hike from the RBI.

The Indian rupee weakened 0.24% versus the U.S. dollar, and quoted at 83.1475 per dollar as rising yields on U.S. treasuries and a risk-averse environment weighed on the local currency.

Repo: The weighted average call rates in the interbank segment increased to 6.76% vs 6.64% as on the previous day while that the TREP segment increased to 6.69% vs 6.67% as on the previous day.

## Market Observations

### G-sec

- T-bill cut off was 3 to 4bps higher in all the maturity than market expectations.
- Demand was seen in 3 year SDLs by banks @7.45 centric levels.
- Sell off was seen in 1 to 2 year assets by market participants as the short term yields are expected to go up further

### Corporate Bonds

- Mutual funds were seen selling in the 2026 segment.
- Insurance companies were selling in the 2029-2030 and 2033 segment.

### CP/CD

- Activity was seen in the 3-month segment.

GOI Yield	17-Aug	11-Aug	8-Aug	19-Jul
1 Year	7.045	6.940	6.870	6.880
5 Year	7.241	7.186	7.142	7.051
10 Year	7.249	7.202	7.164	7.077

AAA Bmk	17-Aug	11-Aug	8-Aug	19-Jul
1 Year	7.45	7.45	7.35	7.35
5 Year	7.74	7.66	7.60	7.51
10 Year	7.65	7.62	7.55	7.50

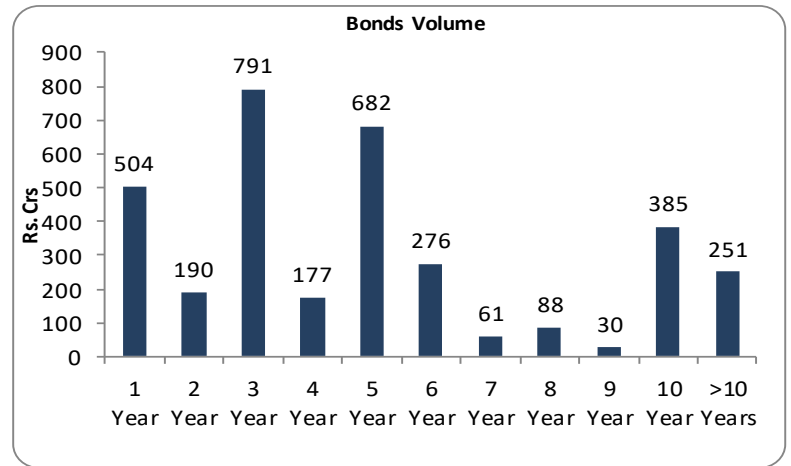
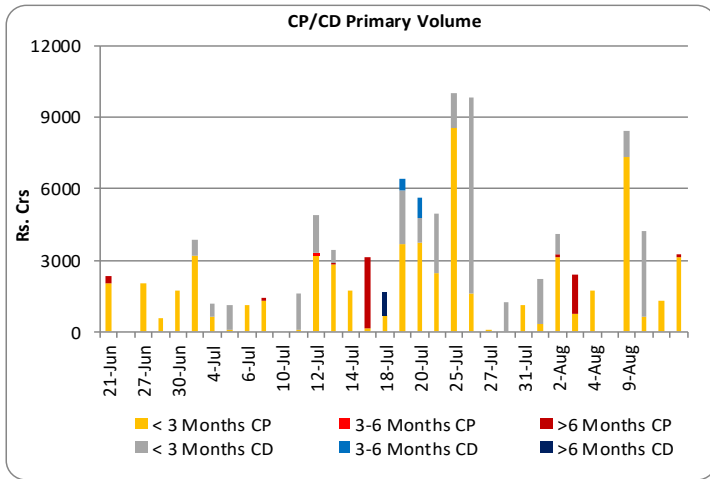
CD	17-Aug	11-Aug	8-Aug	19-Jul
3 Month	7.05	7.00	6.95	6.95
6 Month	7.30	7.20	7.20	7.18
1 Year	7.50	7.50	7.45	7.45

CP	17-Aug	11-Aug	8-Aug	19-Jul
3 Month	7.20	7.10	7.05	7.10
6 Month	7.40	7.30	7.30	7.28
1 Year	7.60	7.60	7.55	7.60

OIS Rate	17-Aug	11-Aug	8-Aug	19-Jul
1 Year	7.03	6.91	6.89	6.76
2 Year	6.80	6.62	6.65	6.42
3 Year	6.76	6.60	6.57	6.30
5 Year	6.73	6.53	6.55	6.23

	17-Aug	11-Aug	8-Aug	19-Jul
Sensex	65,151	65,323	65,847	67,097
Nifty	19,365	19,428	19,571	19,833
USD/INR	83.15	82.85	82.83	82.09
Gold (USD)	1,898	1,913	1,925	1,977
Oil (USD)	84.24	86.81	86.17	79.46

NDF	17-Aug	11-Aug	8-Aug	19-Jul
3 Month	83.39	83.20	83.18	82.32
1 Year	84.42	84.35	84.26	83.42
2 Year	86.79	86.47	86.41	85.49
3 Year	89.59	89.12	89.06	88.14



10 Year Benchmarks	17-Aug	11-Aug	8-Aug	19-Jul
India	7.25	7.20	7.17	7.07
US	4.29	4.17	4.02	3.74
South Korea	3.99	3.83	3.74	3.57
Russia	11.77	11.78	11.65	11.46
Brazil	11.13	10.95	10.77	10.80
Germany	2.69	2.62	2.44	2.40
China	2.57	2.65	2.65	2.67

Top Traded Securities	Volume	11-Aug	10-Aug	4-Aug	13-Jul
7.26 2033	16,125	7.20	7.15	7.19	7.07
7.06 2028	1,955	7.32	7.30	7.34	7.21
7.62 2039	-	7.22	7.18	7.22	7.12
7.30 2053	610	#N/A	#N/A	#N/A	7.19
6.64 2035	800	#N/A	#N/A	7.33	7.17
7.40 2035	50	#N/A	#N/A	7.34	7.17

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
3-Aug-23	3082	2594	487

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	3594	3518	76

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	6676	6112	563

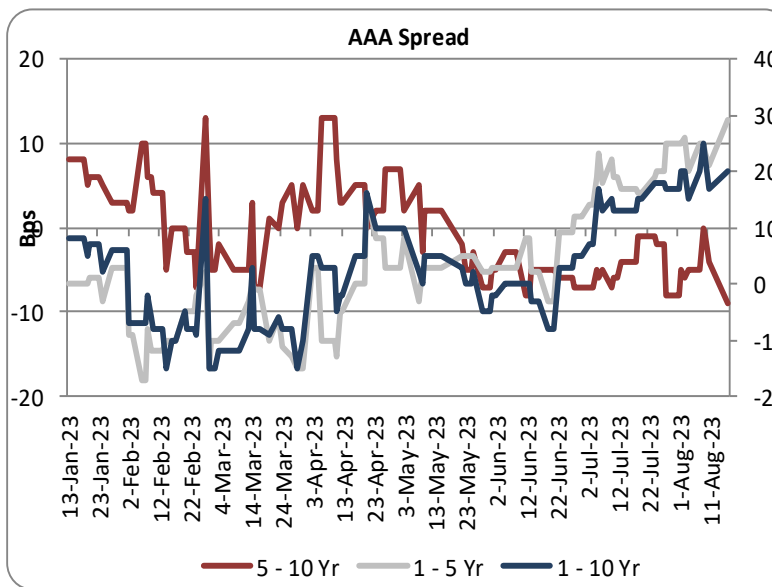
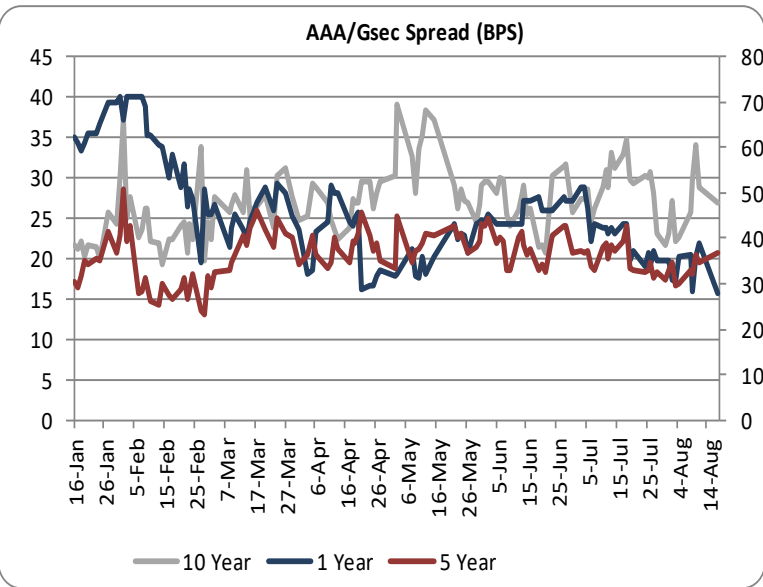
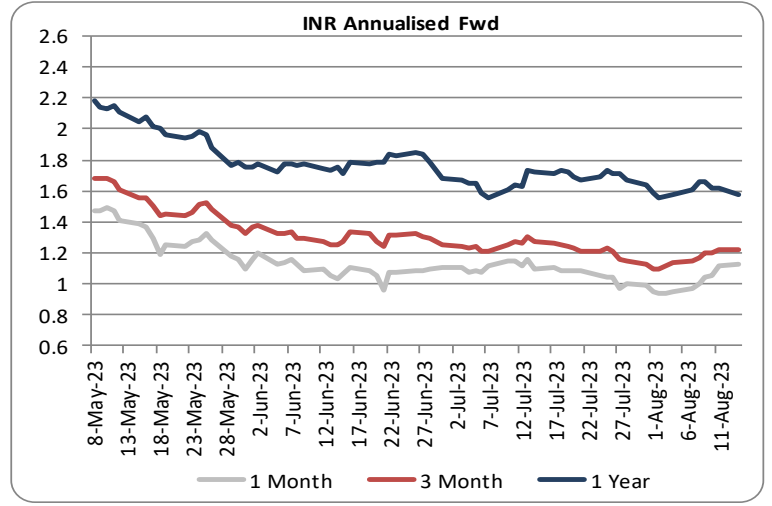
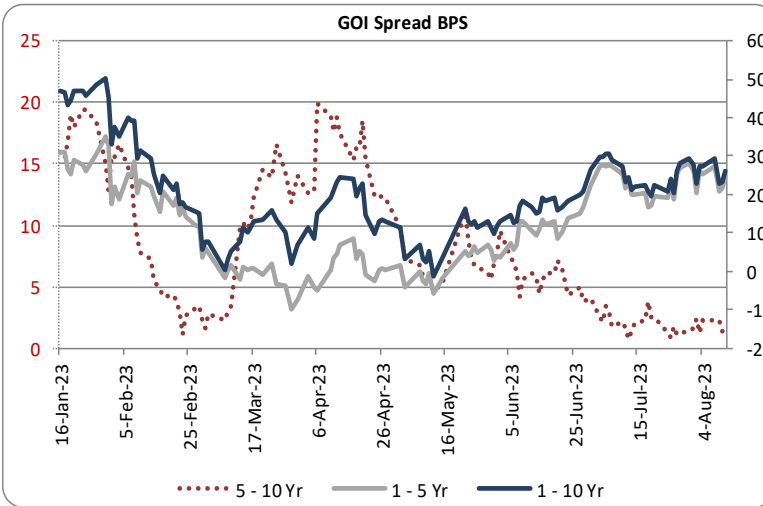
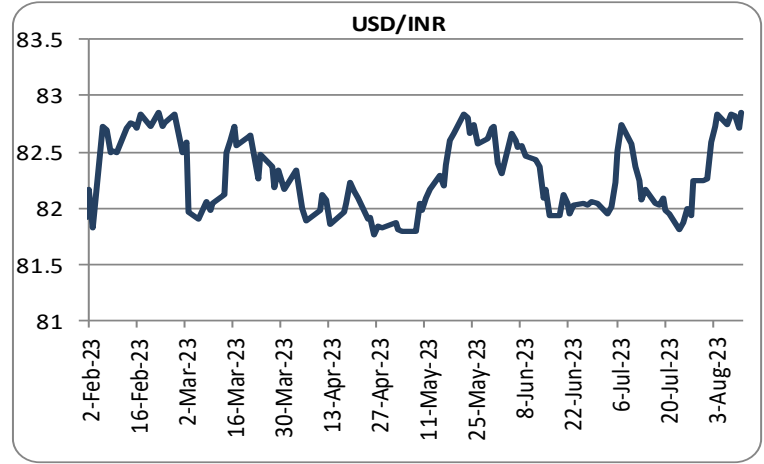
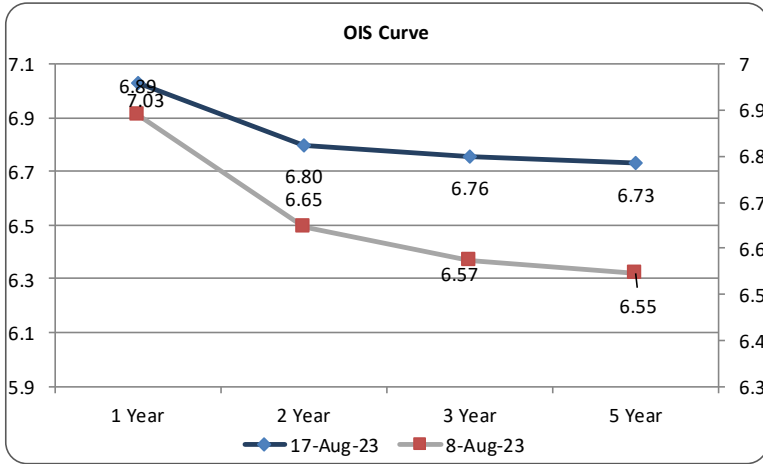
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
17-Aug-23	0	0	0

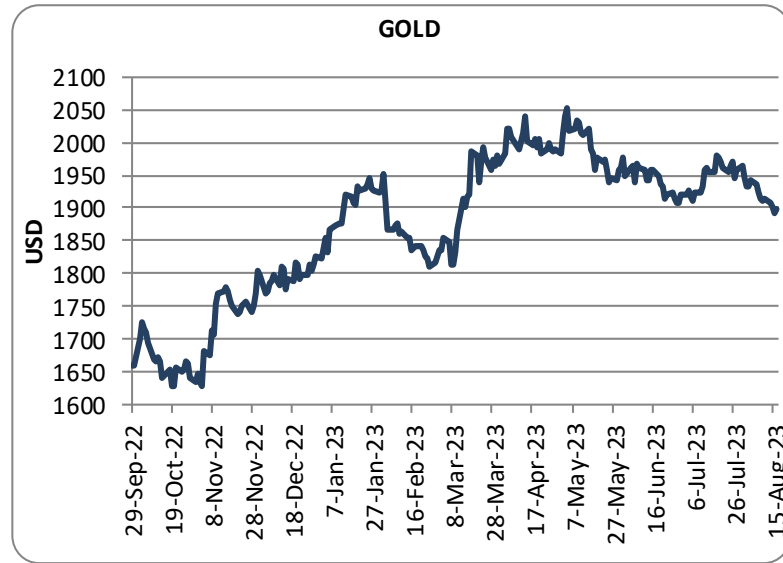
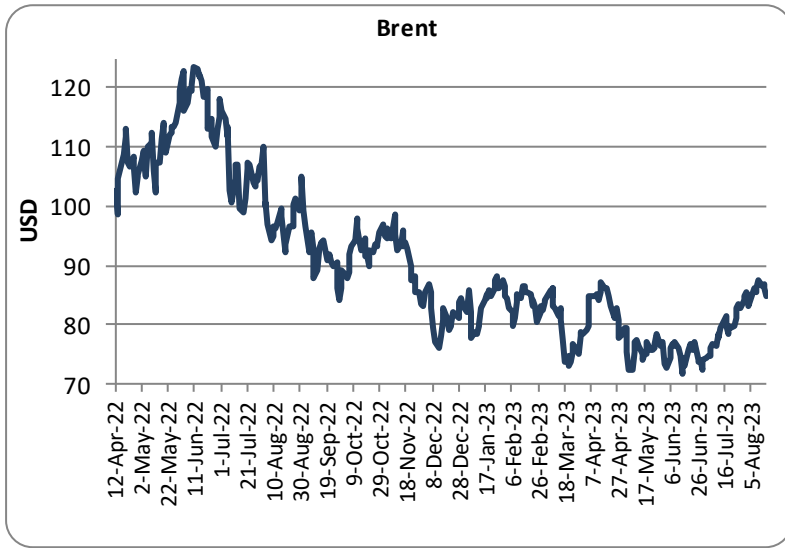
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	0	0	0

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	0	0	0

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jul-23	-1.4	-4.1
CPI (%)	Jul-23	7.4	4.9
IIP (%)	Jun-23	3.7	5.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	18-Aug-23	3.1	3.3
Retail Sales	UK	18-Aug-23	(2.10)	(1.00)
Unemployment Rate	Poland	24-Aug-23	5.00	5.00
Unemployment Rate	Japan	29-Aug-23	-	2.50
Q2 GDP	USA	30-Aug-23	-	2.40
Imports	Germany	31-Aug-23	-	(11.40)
Unemployment Rate	Germany	31-Aug-23	-	5.60
Unemployment Rate	Euro Zone	31-Aug-23	-	6.40





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

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