



BONDWATCH

Daily

INDIA

February 17, 2023

The 10-year benchmark 7.26% 2032 bond yield ended at 7.3889%, after closing at 7.3426% on Thursday. The yield rose for the second consecutive week.

The RBI devolved 82.54 billion Indian rupees (nearly \$1 billion) of the 7.26% 2033 bond on primary dealers of the total 120-billion-rupee auction size. This was the first devolvement from the central bank in five months.

The Govt. raised 280 billion rupees via debt sale on Friday, its penultimate sale for the current financial year.

The auction cycle comes to an end at a time when the government bond yield curve has flattened after an unexpected hawkish turn to monetary policy on tight domestic liquidity.

This has dampened appetite for short-term securities, and the trend is likely to continue in the near term.

Meanwhile, the 10-year U.S. yield inched above 3.90% earlier in the day for the first time in 2023 after the latest U.S. data raised bets of the Federal Reserve hiking rates for a longer period and by at least 50 basis points (bps) to combat inflation. The yield was at 3.40% on Feb. 2.

Higher January inflation reading in India has also raised bets that the RBI will hike rates one more time in April. The RBI raised the repo rate by 250 bps this financial year.

The Indian rupee weakened 0.14% versus the U.S. dollar, and quoted at 82.83 per dollar, on concerns over surging U.S. yields.

Repo: The weighted average call rates in the interbank segment decreased to 6.32% vs 6.38% on the previous day while that the TREP segment decreased to 6.24% vs 6.28% as on the previous day.

Market Observations

G-sec

- Indian government bond yields jumped on Friday after the Reserve Bank of India (RBI) devolved a bulk of the 10-year bond on primary dealers at an auction, while a relentless spike in U.S. yields further weighed.

Corporate Bonds

- Yields moved up post Gsec auction results due to devolvement on 2033-10yr segment by more than half.
- Overall market was dull with few major trades in PSU 2025-2026 segment by MFs.

CP/CD

- Major demand was witnessed across all segments.

GOI Yield	17-Feb	16-Feb	10-Feb	20-Jan
1 Year	7.140	7.140	7.050	6.880
5 Year	7.349	7.294	7.285	7.168
10 Year	7.391	7.343	7.363	7.348

AAA Bmk	17-Feb	16-Feb	10-Feb	20-Jan
1 Year	7.85	7.80	7.80	7.63
5 Year	7.75	7.70	7.68	7.64
10 Year	7.75	7.70	7.72	7.70

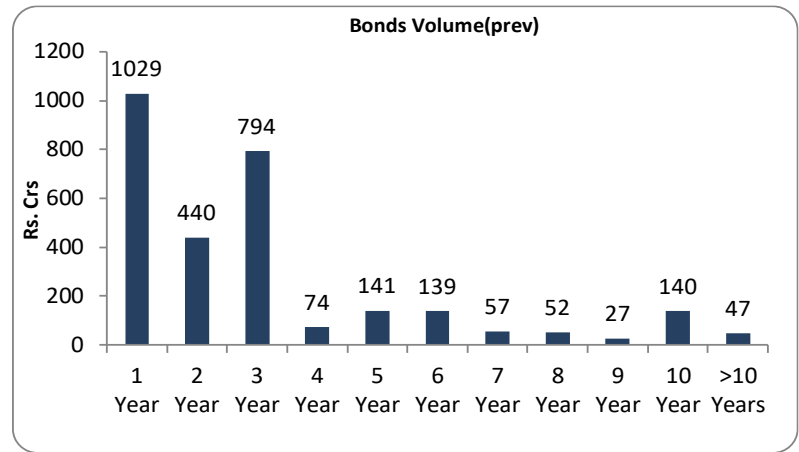
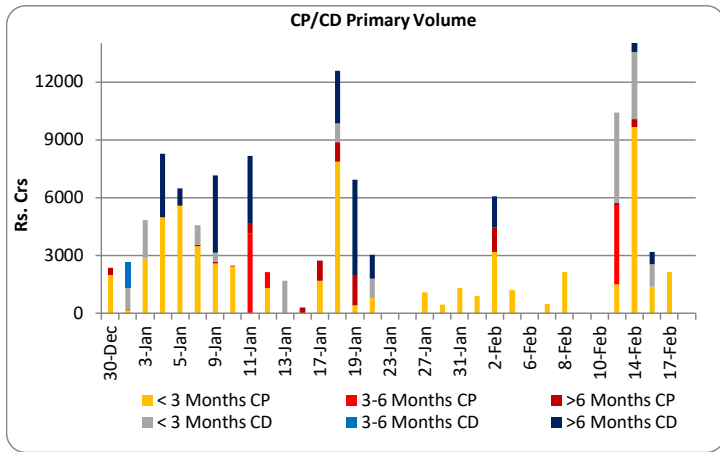
CD	17-Feb	16-Feb	10-Feb	20-Jan
3 Month	7.35	7.30	7.25	7.20
6 Month	7.65	7.65	7.60	7.50
1 Year	7.80	7.80	7.80	7.75

CP	17-Feb	16-Feb	10-Feb	20-Jan
3 Month	7.45	7.40	7.35	7.30
6 Month	7.75	7.75	7.70	7.65
1 Year	7.90	7.90	7.82	7.85

OIS Rate	17-Feb	16-Feb	10-Feb	20-Jan
1 Year	6.96	6.89	6.82	6.64
2 Year	6.63	6.54	6.47	6.24
3 Year	6.51	6.42	6.37	6.14
5 Year	6.52	6.42	6.39	6.13

	17-Feb	16-Feb	10-Feb	20-Jan
Sensex	61,003	61,320	60,683	60,622
Nifty	17,944	18,036	17,857	18,028
USD/INR	82.83	82.72	82.50	81.12
Gold (USD)	1,824	1,837	1,865	1,927
Oil (USD)	83.05	85.14	86.39	87.63

NDF	17-Feb	16-Feb	10-Feb	20-Jan
3 Month	83.31	83.10	83.01	81.47
1 Year	84.50	84.33	84.30	82.89
2 Year	86.27	86.22	86.20	84.99
3 Year	88.85	88.67	88.70	87.74



10 Year Benchmarks	17-Feb	16-Feb	10-Feb	20-Jan
India	7.39	7.34	7.36	7.35
US	3.91	3.84	3.74	3.48
South Korea	3.63	3.48	3.37	3.28
Russia	11.03	11.01	10.85	10.47
Brazil	13.41	13.41	13.54	13.00
Germany	2.54	2.48	2.37	2.17
China	2.89	2.90	2.90	2.99

Top Traded Securities	Volume	17-Feb	16-Feb	10-Feb	20-Jan
5.74 2026	375	7.30	7.26	7.24	7.11
7.38 2027	-	7.35	7.29	7.29	7.17
7.10 2029	-	7.36	7.33	7.33	7.30
6.54 2032	-	7.39	7.36	7.38	7.37
7.26 2032	-	7.39	7.34	7.36	7.35
7.54 2036	-	7.45	7.42	7.45	7.40

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
15-Feb-23	4351	4303	48

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6384	6452	-69

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10735	10756	-21

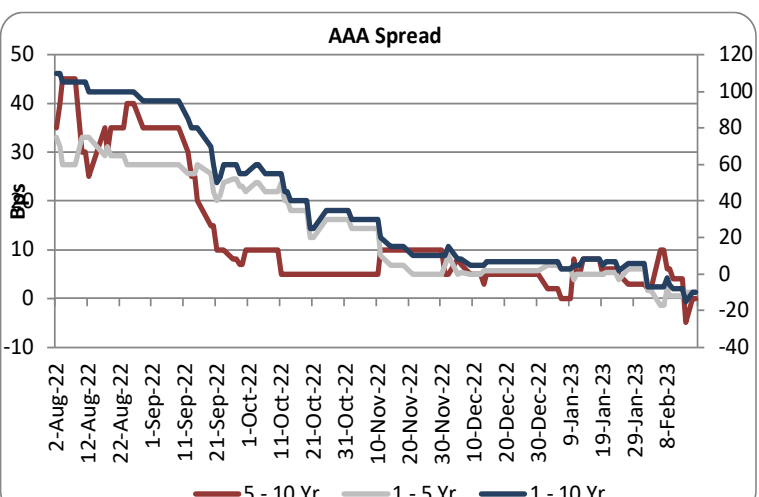
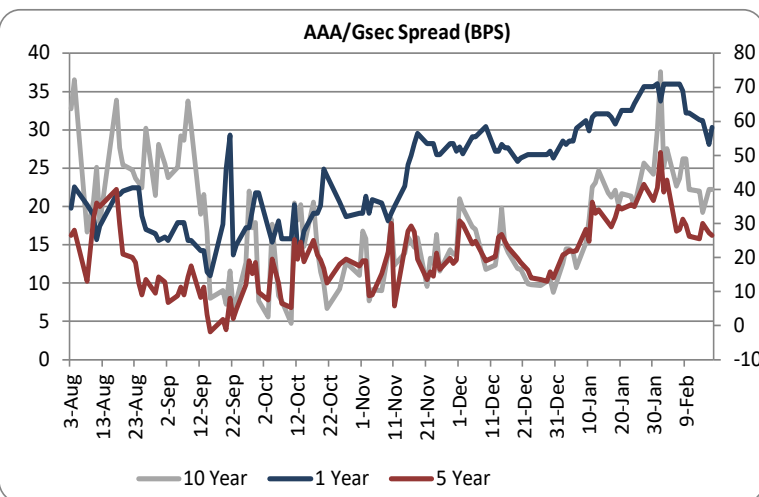
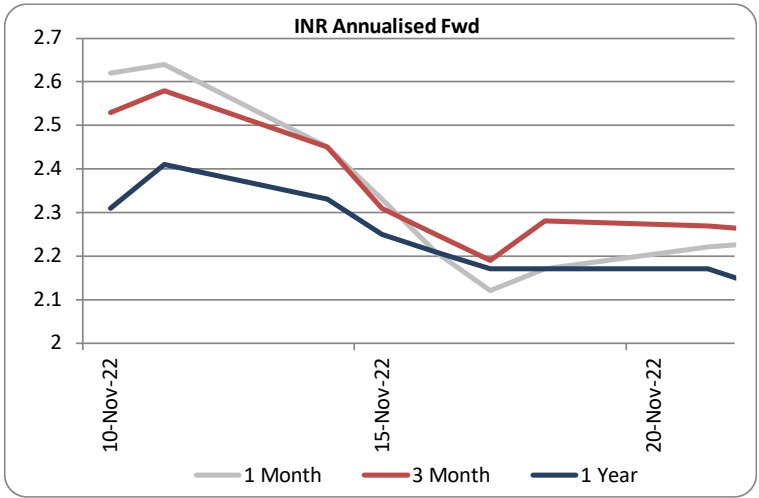
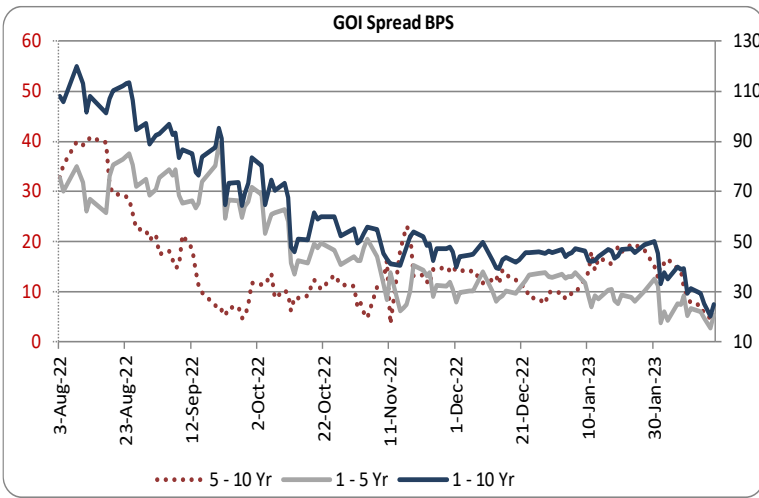
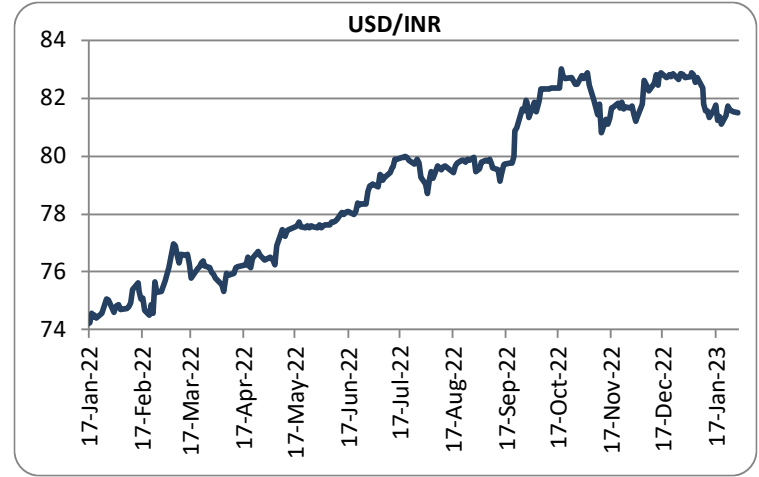
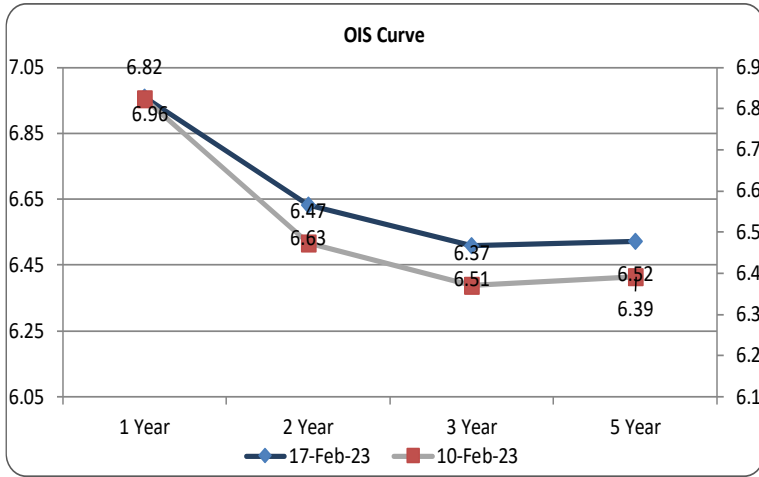
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
17-Feb-23	209	515	-306

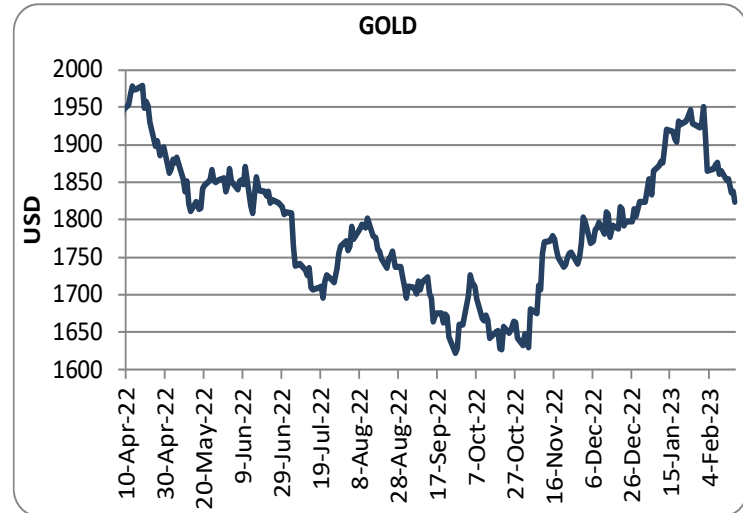
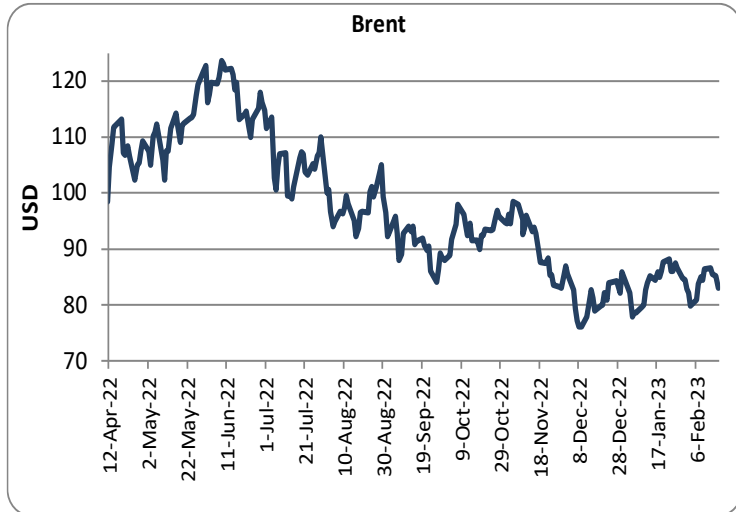
EQUITY		
Gross Purchase	Gross Sales	Net Investment
8575	7804	771

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
8784	8319	465

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-22	6.3	13.5
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Jan-23	55.4	57.8
PMI Service	Jan-23	57.2	58.5

Economic Calender	Country	Date	Poll	Prior
WPI	India	14-Feb-23	4.54	4.95
Unemployment Rate	UK	14-Feb-23	3.70	3.70
CPI	USA	14-Feb-23	6.20	6.50
CPI	UK	15-Feb-23	10.20	10.50
Industrial Output	Poland	20-Feb-23	4.30	-
Exports	Thailand	28-Feb-23	-	(12.90)
Imports	Thailand	28-Feb-23	-	(10.50)
GDP	Switzerland	28-Feb-23	-	0.50





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

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