



BONDWATCH

INDIA

Daily

July 18, 2023

Indian government bond yields ended lower for a second consecutive session on Tuesday as overnight indexed swap (OIS) rates continue to see receiving interest, while bets of the U.S. Federal Reserve pausing after July strengthened.

The benchmark 7.26% 2033 bond yield ended at 7.0566%, lowest since June 28, after closing at 7.0758% on Monday. The benchmark yield has fallen by six basis points (bps) in last four sessions.

The 10-year U.S. yield has plunged by around 30 bps from its recent highs as market sentiment improved and was last trading around 3.76%. The decline in yields got a push after a softer-than-expected June inflation reading in world's largest economy.

Markets are now closely watching Fed Chairman Jerome Powell's tone at the U.S. central bank's July 25-26 meeting. The odds of a 25-bps hike in July remain around 94%, but that of another hike after that have come down sharply.

Back home, market participants will look out for upcoming inflation print amid rising vegetable prices to gauge the Reserve Bank of India's (RBI) rate action trajectory. India's annual retail inflation rate rose to 4.81% in June, snapping four months of easing and erasing chances of any early rate cut.

Oil prices edged higher on Tuesday as investors weighed a possible tightening of U.S. crude supplies against weaker-than-expected Chinese economy growth.

The Indian rupee strengthened 0.01% versus the U.S. dollar, and quoted at 82.03 per dollar in lackluster trading as possible buying from the Indian central bank and weakness in the dollar index kept the domestic currency in a tight range.

Repo: The weighted average call rates in the interbank segment increased to 6.46% vs 6.45% as on the previous day while that the TREP segment decreased to 6.30% vs 6.33% as on the previous day.

Market Observations

G-sec

- Selling was seen in 7 year SDL @7.37 - 7.38 levels. Major sellers were nationalized banks.
- SDL cut off was 2bps better than market expectations in 10-year maturity as supply was on the lower side

Corporate Bonds

- Activity was seen in the 2 to 3-year segment and 10-year segment.
- Insurance companies were active in the longer segment.

CP/CD

- Major activity was seen in the 3-month segment.

GOI Yield	18-Jul	17-Jul	11-Jul	19-Jun
1 Year	6.850	6.850	6.860	6.870
5 Year	7.019	7.053	7.077	6.999
10 Year	7.057	7.076	7.094	7.061

AAA Bmk	18-Jul	17-Jul	11-Jul	19-Jun
1 Year	7.40	7.40	7.40	7.48
5 Year	7.57	7.57	7.59	7.45
10 Year	7.53	7.53	7.53	7.40

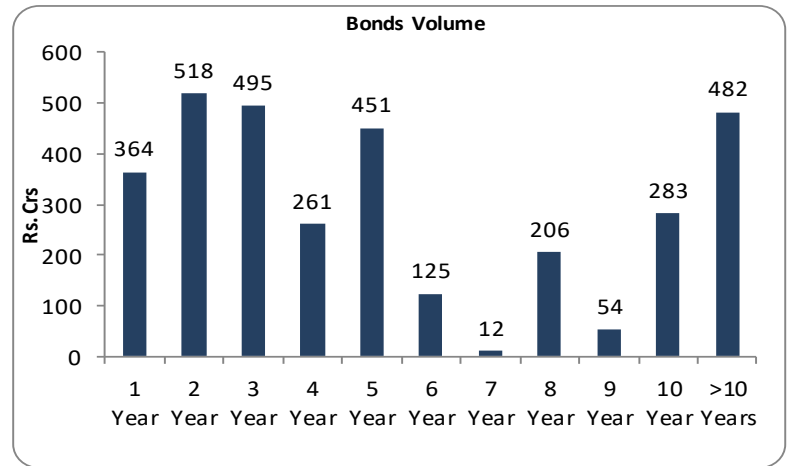
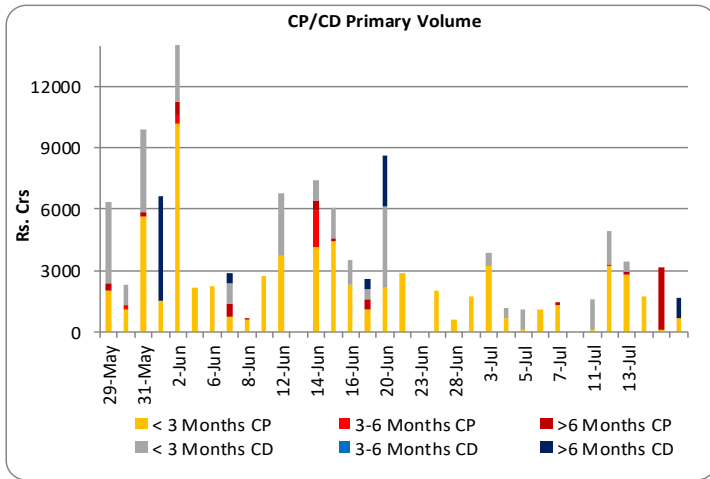
CD	18-Jul	17-Jul	11-Jul	19-Jun
3 Month	6.95	6.95	6.95	6.95
6 Month	7.18	7.20	7.20	7.10
1 Year	7.45	7.50	7.50	7.40

CP	18-Jul	17-Jul	11-Jul	19-Jun
3 Month	7.10	7.10	7.10	7.05
6 Month	7.28	7.30	7.30	7.20
1 Year	7.60	7.60	7.60	7.50

OIS Rate	18-Jul	17-Jul	11-Jul	19-Jun
1 Year	6.74	6.76	6.78	6.66
2 Year	6.40	6.43	6.49	6.34
3 Year	6.29	6.32	6.40	6.23
5 Year	6.22	6.26	6.37	6.15

	18-Jul	17-Jul	11-Jul	19-Jun
Sensex	66,795	66,590	65,618	63,168
Nifty	19,749	19,711	19,439	18,755
USD/INR	82.03	82.04	82.37	81.94
Gold (USD)	1,963	1,955	1,932	1,950
Oil (USD)	78.84	78.50	79.40	76.09

NDF	18-Jul	17-Jul	11-Jul	19-Jun
3 Month	82.32	82.30	82.66	82.23
1 Year	83.36	83.40	83.72	83.34
2 Year	85.65	85.48	85.84	85.37
3 Year	88.41	88.13	88.55	88.02



10 Year Benchmarks	18-Jul	17-Jul	11-Jul	19-Jun
India	7.06	7.07	7.10	7.05
US	3.77	3.80	3.98	3.77
South Korea	3.65	3.66	3.76	3.63
Russia	11.42	11.45	11.32	10.96
Brazil	10.83	10.76	10.66	11.22
Germany	2.37	2.45	2.65	2.52
China	2.66	2.68	2.68	2.72

Top Traded Securities	Volume	18-Jul	17-Jul	11-Jul	19-Jun
5.74 2026	225	7.01	7.04	7.08	#N/A
7.38 2027	5	7.02	7.05	7.08	7.00
7.10 2029	-	7.06	7.08	7.10	7.04
6.54 2032	20	7.10	7.12	7.15	7.11
7.26 2032	#VALUE!	7.09	7.11	7.13	7.10
7.54 2036	-	7.17	7.18	7.21	7.16

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
13-Jul-23	3129	3066	63

EQUITY	Gross Purchase	Gross Sales	Net Investment
	2563	2128	435

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5691	5193	498

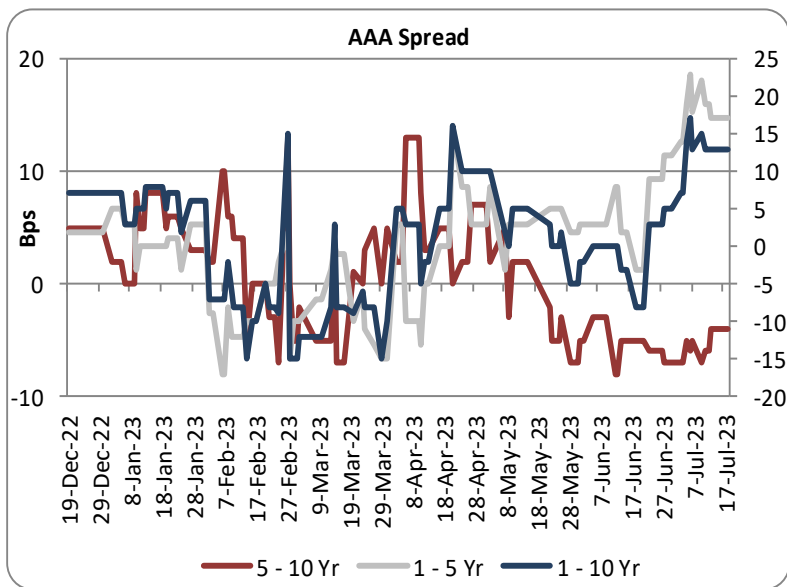
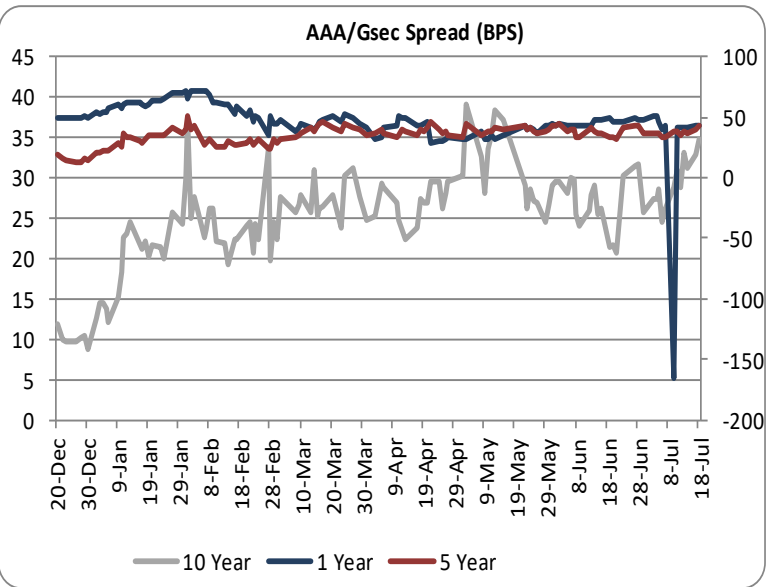
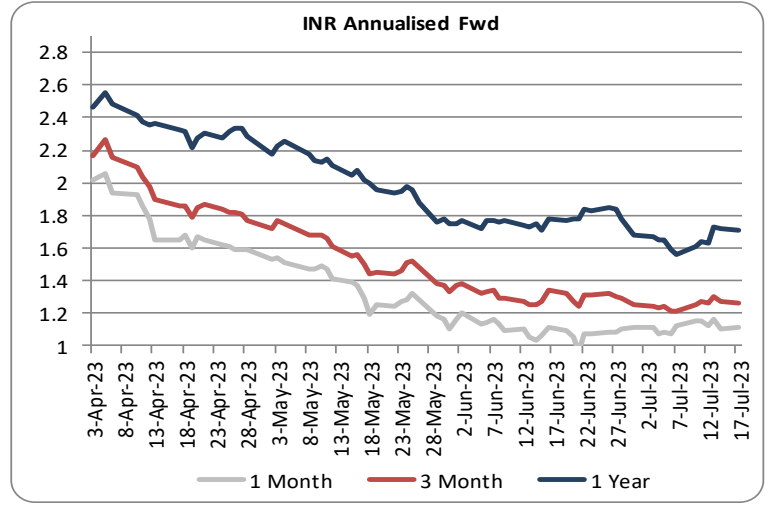
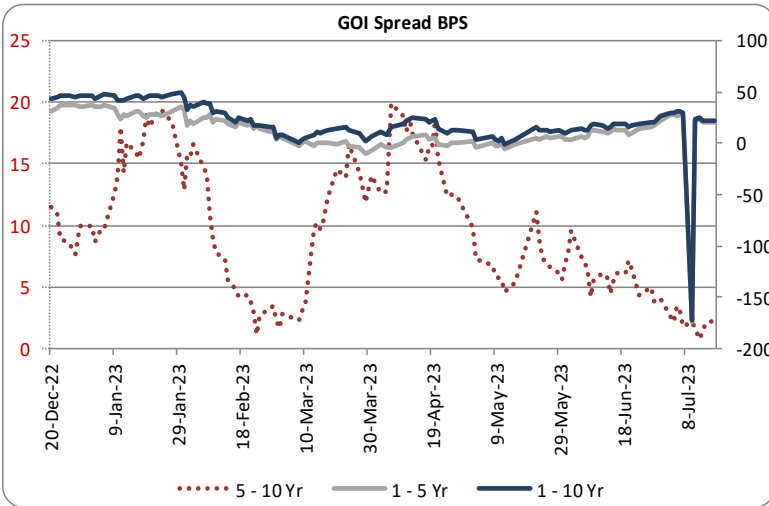
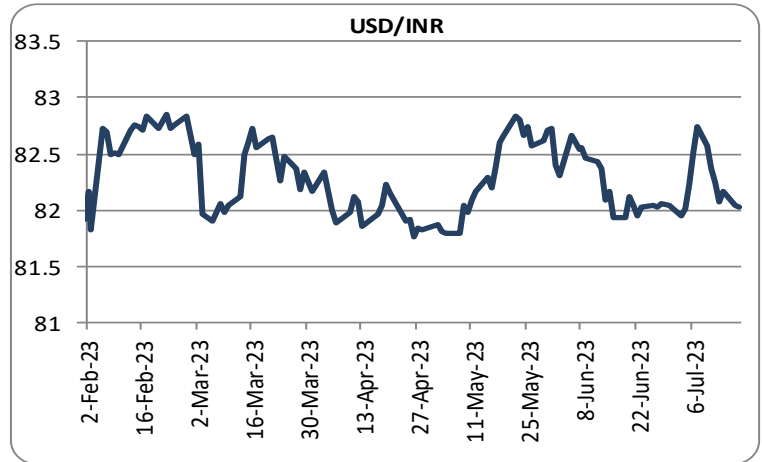
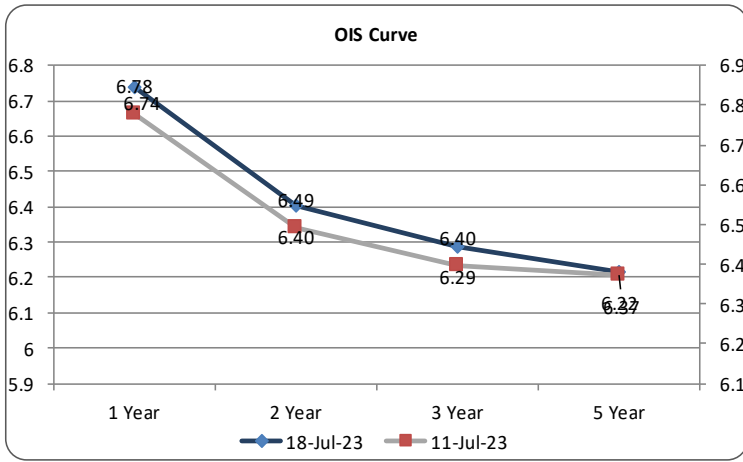
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
18-Jul-23	340	145	196

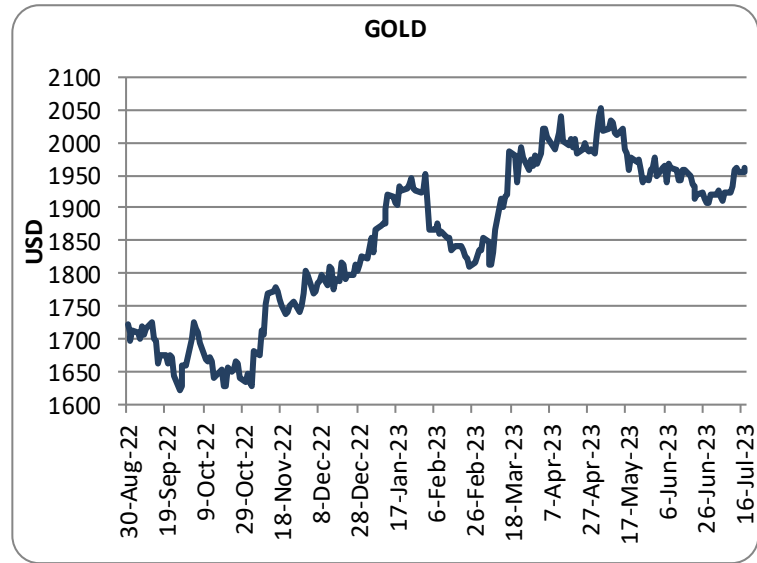
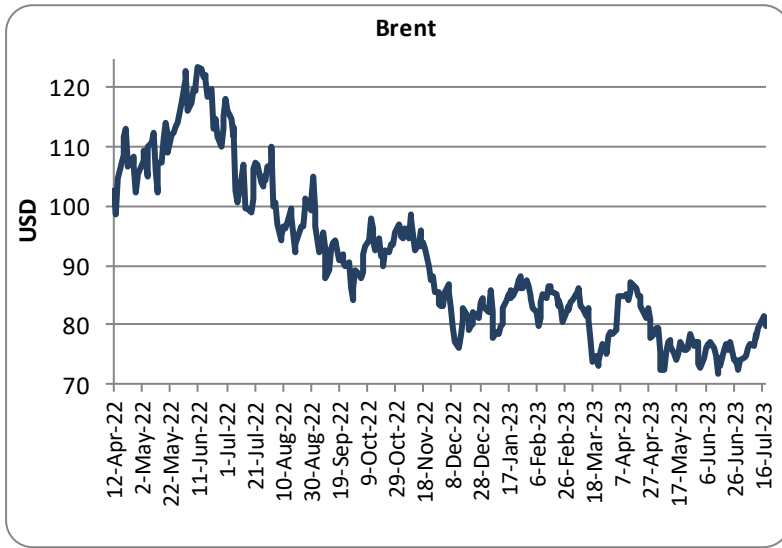
EQUITY	Gross Purchase	Gross Sales	Net Investment
	8596	8091	505

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
8936	8236	700

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 (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
WPI	India	14-Jul-23	-3.6	-3.48
CPI	Poland	14-Jul-23	-	11.50
Retail Sales	Brazil	14-Jul-23	1.95	0.50
GDP	China	15-Jul-23	7.30	4.50
CPI	New Zealand	19-Jul-23	5.90	6.70
Retail Sales	South Africa	19-Jul-23	-	(1.60)
Exports	Japan	20-Jul-23	-	0.60
Unemployment Rate	Australia	20-Jul-23	-	3.60





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

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