



BONDWATCH

Daily

October 18, 2023

INDIA

Indian government bond yields ended higher on Wednesday as a relentless spike in crude oil prices and U.S. Treasury yields continued to dampen investor sentiment.

The 10-year benchmark 7.18% 2033 bond yield ended at 7.3465%, after closing at 7.3264% in the previous session.

A rise in US yields, volatile geopolitical risk leading to high crude oil prices and the Reserve Bank of India's (RBI) hawkish stance of keeping liquidity tight through bond sales are affecting domestic yields.

Meanwhile, mutual funds have stepped up government bond purchases after the recent spike in yields, and are likely to continue buying in the near future as they eye gains over the medium term.

U.S. yields surged after retail sales last month increased by a more-than-expected 0.7% against Reuters polled forecast of a 0.3% rise, reaffirming bets that the Federal Reserve will keep interest rates higher for longer.

The two-year U.S. yield rose to a fresh over 17-year high, while the 10-year yield was trading around 4.85%, in touching distance of an over 16-year peak of 4.89% hit earlier in the month.

Oil prices rose after a bigger-than-expected draw in U.S. crude stocks, while escalating conflict in the Middle East after hundreds were killed in a blast at a Gaza hospital also sparked concerns about potential supply disruptions.

The Indian rupee was flat versus the U.S. dollar, and quoted at 83.26 per dollar, as likely U.S. dollar sales from the Indian central bank kept the local unit off its record low despite pressure from higher crude oil prices and equity-related outflows.

Repo: The weighted average call rates in the interbank segment increased to 6.73% vs 6.72% as on the previous day while that the TREP segment remained the same 6.74% vs 6.74% as on the previous day.

Market Observations

G-sec

- Demand was seen in 2025 maturity SDLs by Mutual funds from 7.44 to 7.48 levels.
- Switches were reported in 30year G-sec by foreign banks.
- T-bill cut off was in line with market expectation in 6-month and 1-year maturity and a few bps higher in 3-month maturity.

Corporate Bonds

- Mutual funds were active in the 2025-2026 segment.

CP/CD

- Activity was seen in the 3-month segment.

GOI Yield	18-Oct	17-Oct	11-Oct	18-Sep
1 Year	7.113	7.120	7.130	7.050
5 Year	7.360	7.338	7.349	7.163
10 Year	7.347	7.326	7.305	7.191

AAA Bmk	18-Oct	17-Oct	11-Oct	18-Sep
1 Year	7.53	7.53	7.53	7.55
5 Year	7.77	7.77	7.78	7.64
10 Year	7.73	7.73	7.75	7.62

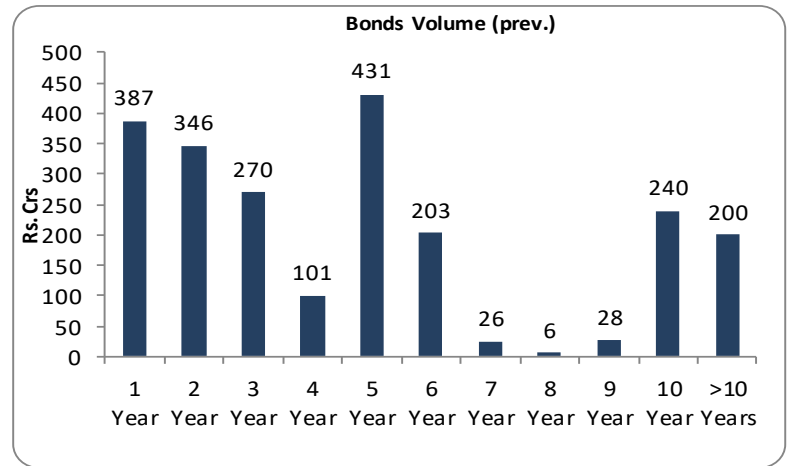
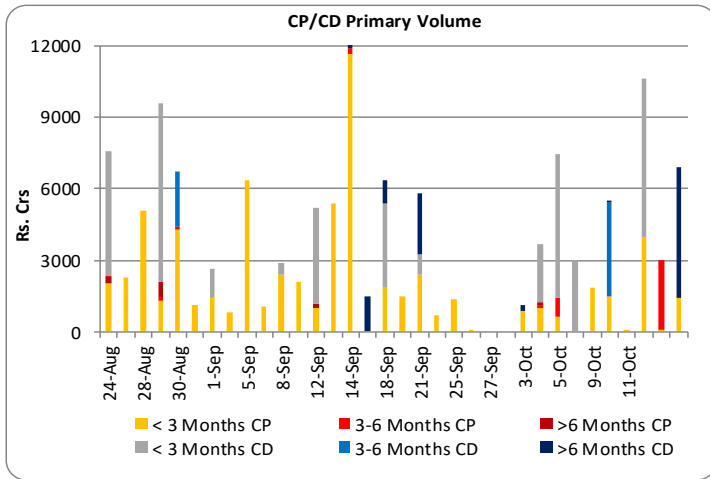
CD	18-Oct	17-Oct	11-Oct	18-Sep
3 Month	7.15	7.15	7.15	7.10
6 Month	7.45	7.45	7.35	7.25
1 Year	7.70	7.70	7.60	7.55

CP	18-Oct	17-Oct	11-Oct	18-Sep
3 Month	7.15	7.15	7.25	7.20
6 Month	7.55	7.55	7.45	7.35
1 Year	7.80	7.80	7.70	7.65

OIS Rate	18-Oct	17-Oct	11-Oct	18-Sep
1 Year	7.00	6.96	7.00	7.08
2 Year	6.77	6.71	6.76	6.85
3 Year	6.74	6.69	6.77	6.81
5 Year	6.75	6.69	6.77	6.78

	18-Oct	17-Oct	11-Oct	18-Sep
Sensex	65,877	66,428	66,473	67,597
Nifty	19,671	19,812	19,811	20,133
USD/INR	83.26	83.26	83.19	83.27
Gold (USD)	1,946	1,923	1,874	1,933
Oil (USD)	92.18	89.90	85.82	94.43

NDF	18-Oct	17-Oct	11-Oct	18-Sep
3 Month	83.55	83.59	83.55	83.54
1 Year	84.74	84.77	84.76	84.69
2 Year	86.82	86.77	86.92	86.91
3 Year	89.18	89.37	89.52	89.71



10 Year Benchmarks	18-Oct	17-Oct	11-Oct	18-Sep
India	7.35	7.33	7.31	7.15
US	4.82	4.85	4.60	4.32
South Korea	4.29	4.23	4.15	3.98
Russia	12.28	12.27	12.41	12.37
Brazil	11.91	11.91	11.71	11.28
Germany	2.87	2.88	2.72	2.72
China	2.73	2.72	2.73	2.68

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	385	7.20	7.17	7.18	7.15
7.06 2028	955	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	230	7.35	7.33	7.33	7.36
6.64 2035	5	7.17	7.16	7.22	7.24
7.40 2035	-	7.20	7.18	7.24	7.23

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
13-Oct-23	5428	5844	-417

EQUITY		
	Gross Purchase	Net Investment
13-Oct-23	7616	1517

TOTAL (Rs. Crs)		
	Gross Purchase	Net Investment
13-Oct-23	13044	1100

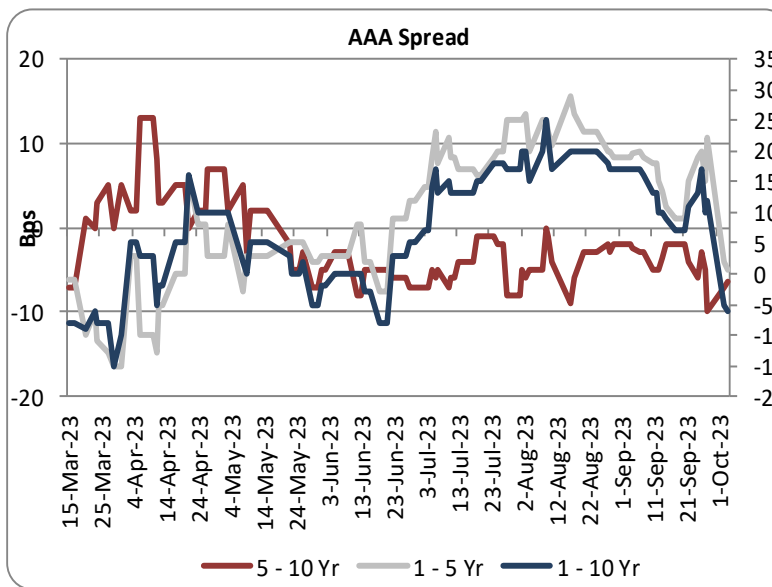
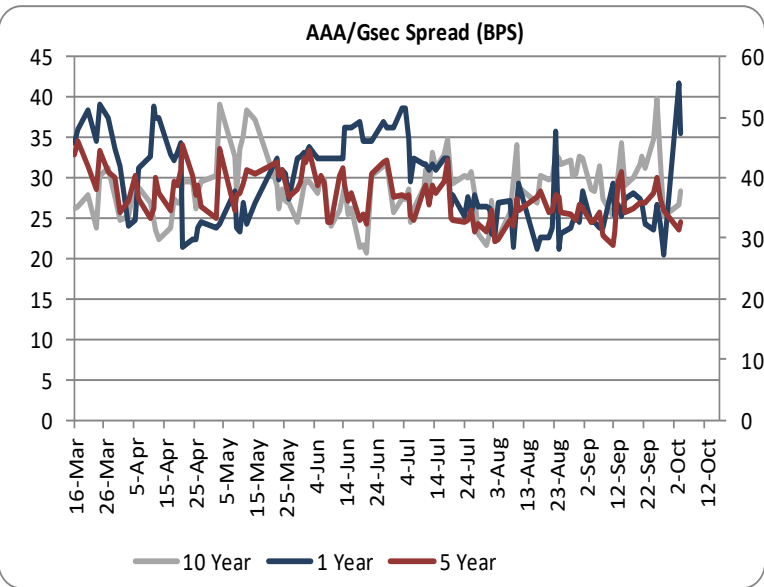
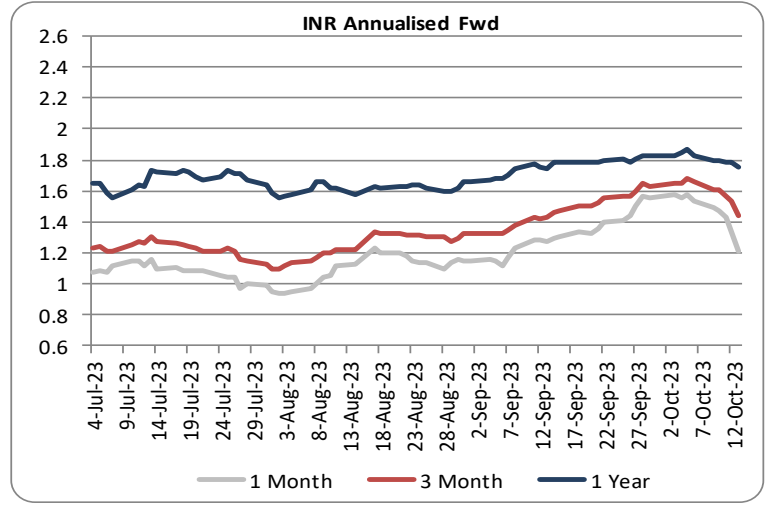
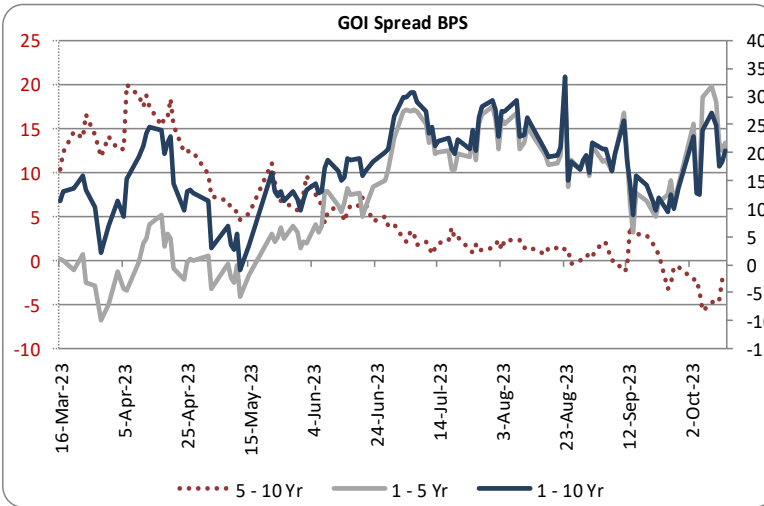
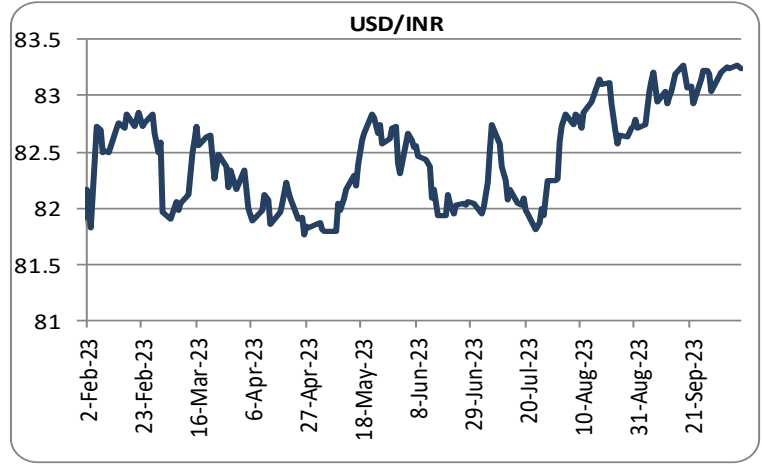
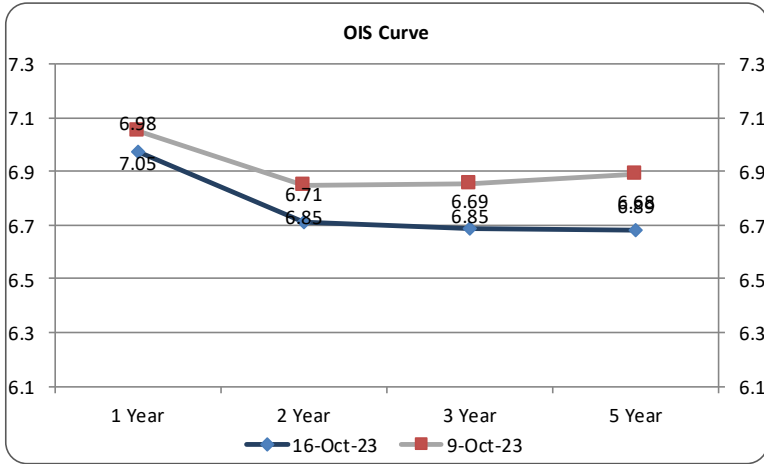
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
18-Oct-23	393	245	149

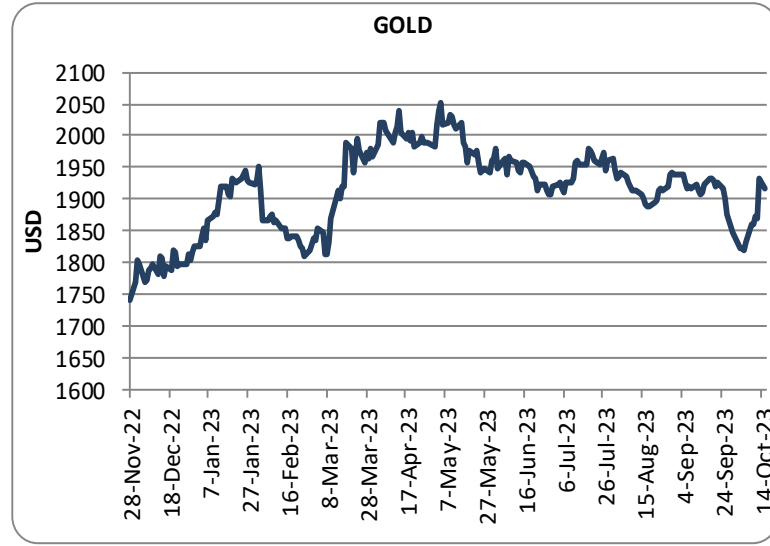
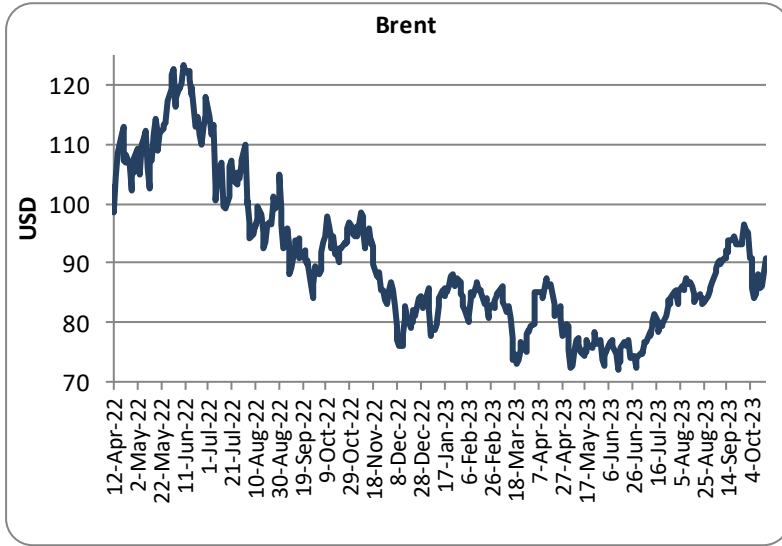
EQUITY		
	Gross Purchase	Net Investment
18-Oct-23	8808	591

TOTAL (Rs. Crs)		
	Gross Purchase	Net Investment
18-Oct-23	9201	739

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
Industrial Output	China	18-Oct-23	4.3	4.5
GDP YY	China	18-Oct-23	4.40	6.30
CPI	UK	18-Oct-23	6.60	6.70
Retail Sales	Brazil	18-Oct-23	1.20	2.40
CPI	Japan	20-Oct-23	-	3.20
Unemployment Rate	Poland	24-Oct-23	5.00	5.00
CPI	Australia	25-Oct-23	-	6.00
GDP Advance (Q3)	USA	26-Oct-23	4.10	2.10





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

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