



BONDWATCH

Daily

July 19, 2023

INDIA

Indian government bond yields rose on Wednesday after their recent fall, as traders booked profits while waiting for fresh triggers.

The benchmark 7.26% 2033 bond yield ended at 7.0769% after ending the previous session at 7.0566%. It had eased six basis points (bps) in the last four sessions.

Bond yields dipped recently, tracking sharp receiving in overnight indexed swap (OIS) rates on strengthening bets of the U.S. Federal Reserve pausing its rate hike cycle after July.

U.S. yields also plunged during the same period, with the 10-year yield down by over 30 bps and trading below the crucial 3.80% handle.

The next major trigger would be the Fed's policy decision due on July 26. A 25 bps hike is already factored in, with the guidance provided by Chair Jerome Powell set to trigger a reaction. The odds of a 25 bps hike in July remain around 92%, but that of another hike after that have come down sharply.

Bonds are likely to rally in coming weeks, pulling the benchmark yield below 7% again if the Fed signals an end to its current tightening cycle next week.

Back home, traders also eyed fresh supply as New Delhi will raise 310 billion rupees (\$3.78 billion) through the sale of bonds on Friday, which includes 140 billion rupees of a new 14-year bond.

The Indian rupee weakened 0.07% versus the U.S. dollar, and quoted at 82.10 per dollar due to a pullback in the dollar index from 15-month lows and weakness in Asian peers.

Repo: The weighted average call rates in the interbank segment decreased to 6.42% vs 6.46% as on the previous day while that the TREP segment increased to 6.31% vs 6.30% as on the previous day.

Market Observations

G-sec

- Demand was seen in new 5-year and 7-year G-sec by Life insurance companies.
- Pension funds and insurance companies demanded G-sec strips @7.30 levels.
- T-bill cut off was in line with market expectations

Corporate Bonds

- Longer tenor was active with corporates buying in the segment.

CP/CD

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

GOI Yield	19-Jul	18-Jul	12-Jul	20-Jun
1 Year	6.880	6.850	6.870	6.900
5 Year	7.051	7.019	7.109	6.987
10 Year	7.077	7.057	7.116	7.058

AAA Bmk	19-Jul	18-Jul	12-Jul	20-Jun
1 Year	7.35	7.40	7.40	7.48
5 Year	7.51	7.57	7.59	7.45
10 Year	7.50	7.53	7.53	7.40

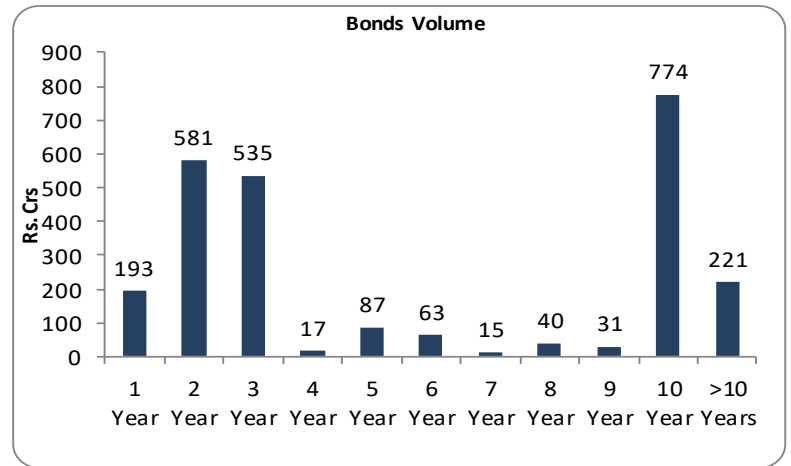
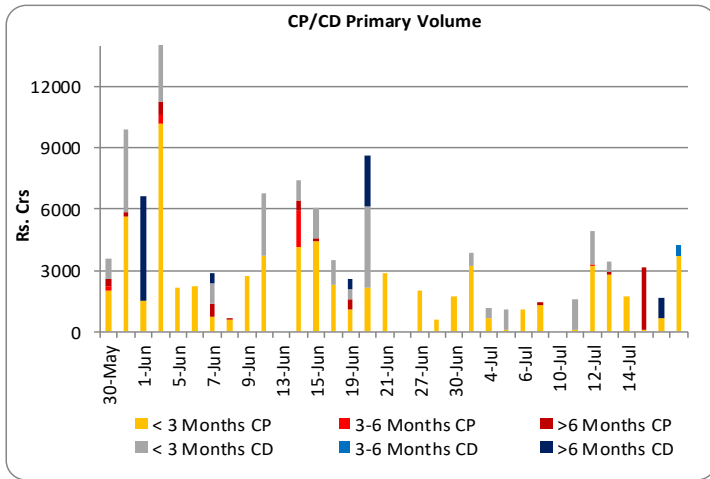
CD	19-Jul	18-Jul	12-Jul	20-Jun
3 Month	6.95	6.95	6.95	6.90
6 Month	7.18	7.18	7.20	7.12
1 Year	7.45	7.45	7.50	7.42

CP	19-Jul	18-Jul	12-Jul	20-Jun
3 Month	7.10	7.10	7.10	7.00
6 Month	7.28	7.28	7.30	7.25
1 Year	7.60	7.60	7.60	7.52

OIS Rate	19-Jul	18-Jul	12-Jul	20-Jun
1 Year	6.76	6.74	6.81	6.66
2 Year	6.42	6.40	6.51	6.36
3 Year	6.30	6.29	6.42	6.26
5 Year	6.23	6.22	6.39	6.19

	19-Jul	18-Jul	12-Jul	20-Jun
Sensex	67,097	66,795	65,394	63,328
Nifty	19,833	19,749	19,384	18,817
USD/INR	82.09	82.03	82.25	82.12
Gold (USD)	1,974	1,979	1,957	1,936
Oil (USD)	79.94	79.63	80.11	75.90

NDF	19-Jul	18-Jul	12-Jul	20-Jun
3 Month	82.37	82.33	82.26	82.23
1 Year	83.40	83.35	83.28	83.35
2 Year	85.65	85.53	85.33	85.40
3 Year	88.42	88.18	87.98	88.05



10 Year Benchmarks	19-Jul	18-Jul	12-Jul	20-Jun
India	7.08	7.06	7.12	7.06
US	3.76	3.79	3.86	3.73
South Korea	3.57	3.65	3.75	3.64
Russia	11.46	11.45	11.35	11.01
Brazil	10.76	10.70	10.60	11.23
Germany	2.34	2.35	2.55	2.41
China	2.67	2.66	2.68	2.72

Top Traded Securities	Volume	19-Jul	18-Jul	12-Jul	20-Jun
5.74 2026	20	#N/A	7.01	7.09	6.95
7.38 2027	-	7.04	7.02	7.11	6.99
7.10 2029	5	7.07	7.06	7.13	7.04
6.54 2032	-	7.11	7.10	7.16	7.11
7.26 2032	#VALUE!	7.11	7.09	7.16	7.10
7.54 2036	-	7.18	7.17	7.23	7.17

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
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

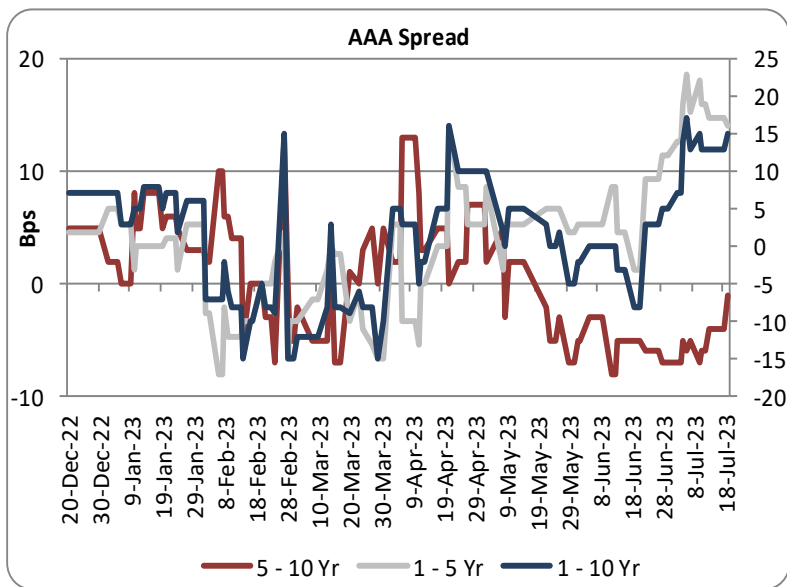
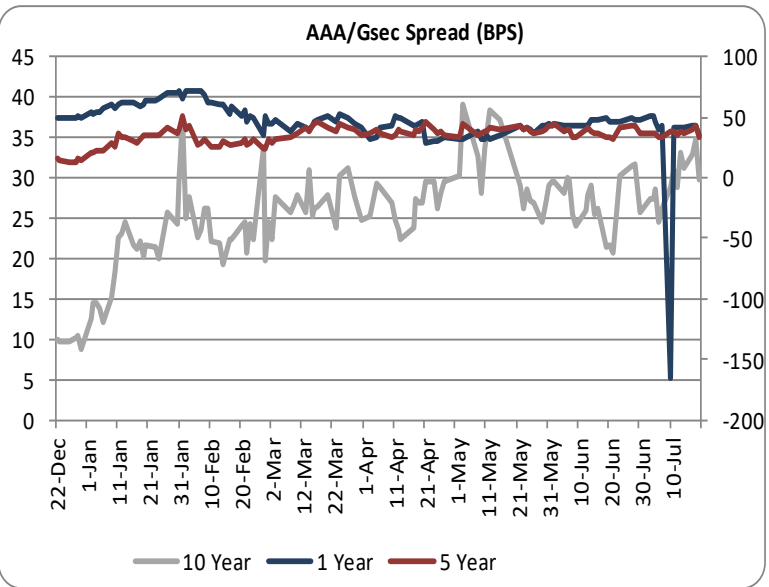
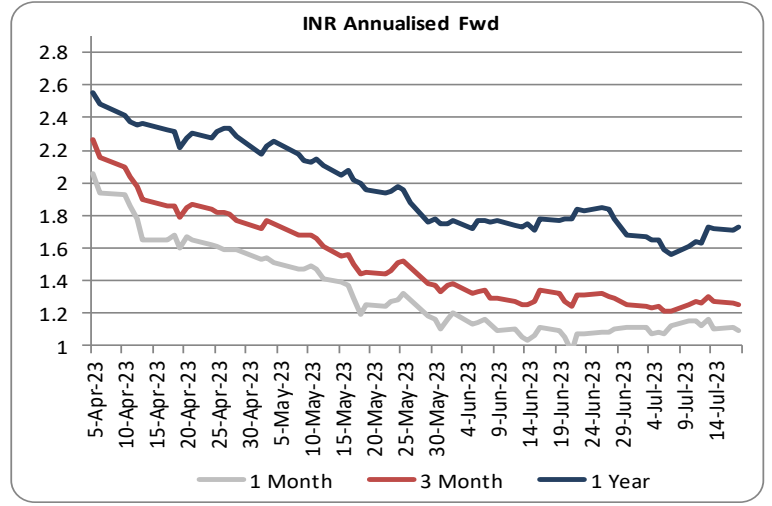
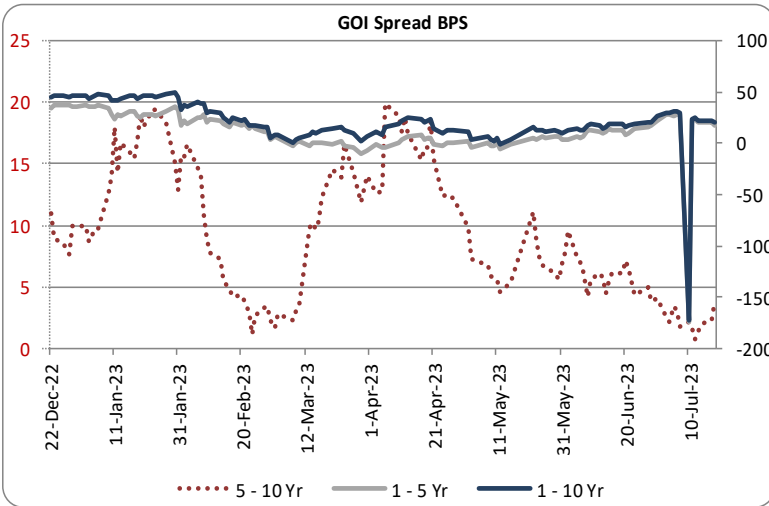
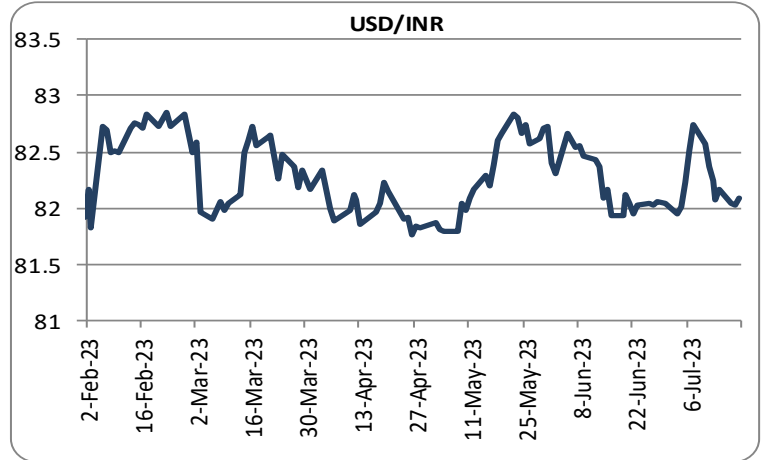
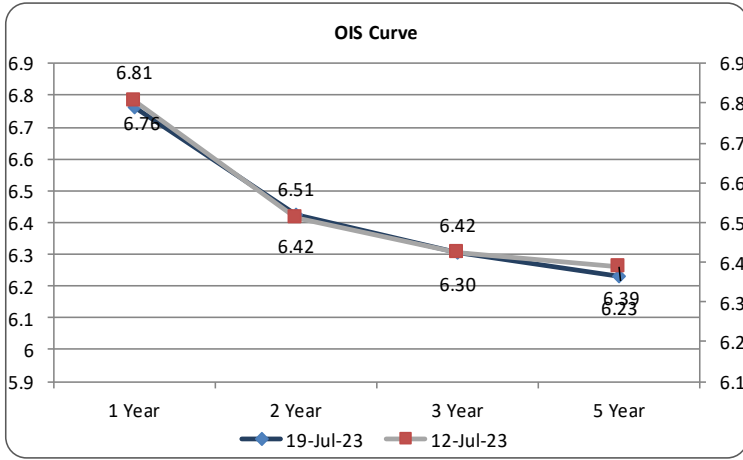
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
19-Jul-23	673	234	439

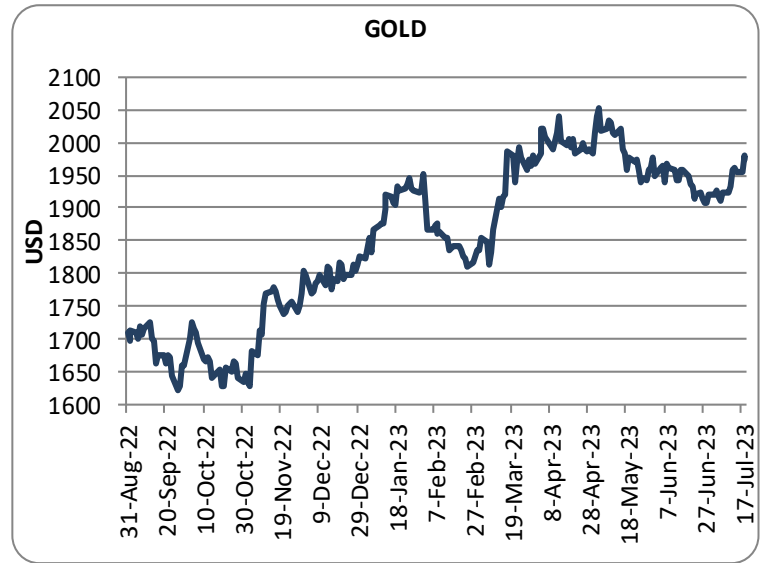
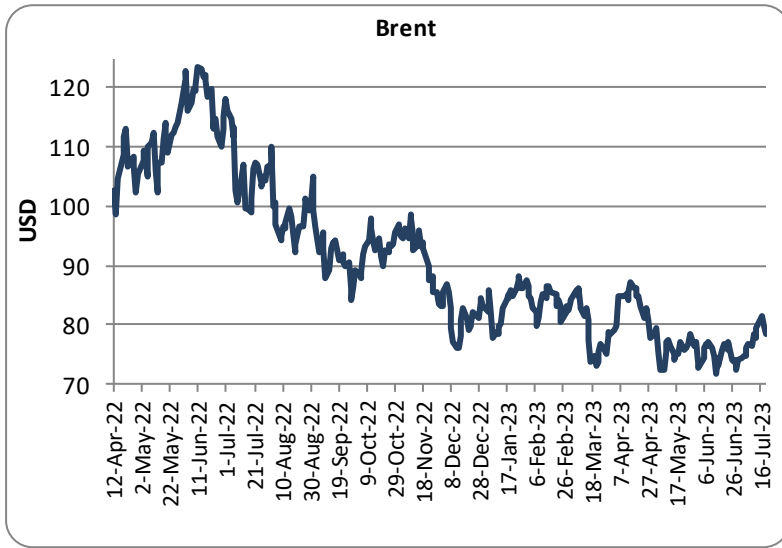
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	11168	8640	2528

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	11841	8874	2966

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
Exports	Japan	20-Jul-23	0	0.6
Unemployment Rate	Australia	20-Jul-23	-	3.60
CPI	Japan	21-Jul-23	3.30	3.20
Retail Sales	UK	21-Jul-23	(1.50)	(2.10)
Fed Funds Rate	USA	26-Jul-23	5.25-5.5	5-5.25
Industrial Output	Japan	28-Jul-23	-	(7.30)
PPI	Australia	28-Jul-23	-	5.20
CPI	Germany	28-Jul-23	-	6.40





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

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