



BONDWATCH

Daily

July 20, 2023

INDIA

Indian government bond yields ended largely unchanged on Thursday amid a lack of fresh cues as market participants waited for Friday's debt sale for further triggers.

The benchmark 7.26% 2033 bond yield ended at 7.0827% after finishing at 7.0769% in the previous session, where it rose by 2 basis points.

Positive U.S. data in the last few days ... has resulted in an easing in India bond yields. Now, Federal Reserve policy next week will be the next key market-moving event. The Fed's policy decision is due on July 26, where it is expected to hike interest rate by 25 basis points (bps). The odds of a 25 bps hike in July remains around 92%, but that of another hike after that have come down sharply.

Market participants will closely watch out for Federal Reserve Chair Jerome Powell's commentary around inflation and growth to gauge future rate-action trajectory.

Till the Fed policy outcome, the benchmark bond yield is expected to trade in the range of 7.03%-7.10%.

Back home Government will raise 310 billion rupees (\$3.78 billion) through a sale of bonds, which includes a new 14-year bond, and will replace the current 7.41% 2036 note.

Gold prices advanced to their highest in about two months on Thursday, driven by U.S. dollar's weakness and growing expectations that the Federal Reserve would conclude its aggressive rate-hiking cycle at its meeting next week.

The Indian rupee strengthened 0.13% versus the U.S. dollar, and quoted at 81.9850 per dollar helped by a rally in the Chinese yuan, but lack of speculative interest kept the currency in a tight range.

Repo: The weighted average call rates in the interbank segment increased to 6.52% vs 6.42% as on the previous day while that the TREP segment increased to 6.45% vs 6.31% as on the previous day.

Market Observations

G-sec

- Private banks were seen buying floating rate bonds.
- Mutual funds and Pension funds bought 2026 and 2030 maturity strips.

Corporate Bonds

- 2025-2028 was most active with mutual funds being net buyers.

CP/CD

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

GOI Yield	20-Jul	19-Jul	13-Jul	21-Jun
1 Year	6.860	6.880	6.860	6.900
5 Year	7.057	7.051	7.059	7.003
10 Year	7.083	7.077	7.073	7.068

AAA Bmk	20-Jul	19-Jul	13-Jul	21-Jun
1 Year	7.35	7.35	7.40	7.48
5 Year	7.51	7.51	7.57	7.45
10 Year	7.50	7.50	7.53	7.40

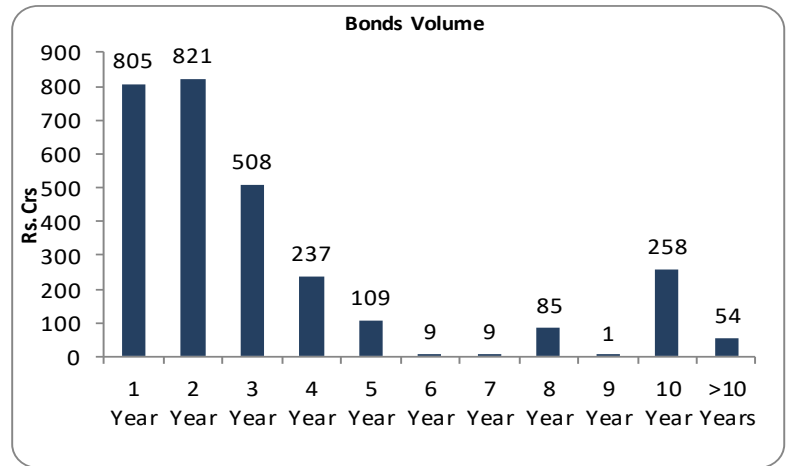
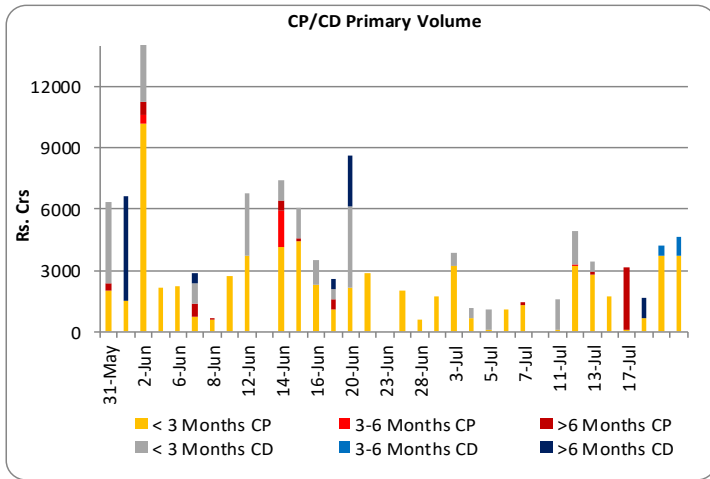
CD	20-Jul	19-Jul	13-Jul	21-Jun
3 Month	6.95	6.95	6.95	6.90
6 Month	7.18	7.18	7.20	7.12
1 Year	7.45	7.45	7.50	7.45

CP	20-Jul	19-Jul	13-Jul	21-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	20-Jul	19-Jul	13-Jul	21-Jun
1 Year	6.78	6.76	6.76	6.68
2 Year	6.47	6.42	6.45	6.38
3 Year	6.37	6.30	6.35	6.29
5 Year	6.29	6.23	6.30	6.21

	20-Jul	19-Jul	13-Jul	21-Jun
Sensex	67,572	67,097	65,559	63,523
Nifty	19,979	19,833	19,414	18,857
USD/INR	81.99	82.09	82.07	82.04
Gold (USD)	1,981	1,977	1,960	1,932
Oil (USD)	79.82	79.46	81.36	77.12

NDF	20-Jul	19-Jul	13-Jul	21-Jun
3 Month	82.19	82.32	82.27	82.18
1 Year	83.29	83.42	83.34	83.25
2 Year	85.35	85.49	85.52	85.38
3 Year	88.35	88.14	88.17	88.03



10 Year Benchmarks	20-Jul	19-Jul	13-Jul	21-Jun
India	7.08	7.07	7.07	7.07
US	3.79	3.74	3.76	3.72
South Korea	3.60	3.57	3.65	3.62
Russia	11.44	11.46	11.36	11.01
Brazil	10.87	10.80	10.63	11.06
Germany	2.41	2.40	2.47	2.43
China	2.66	2.67	2.68	2.71

Top Traded Securities	Volume	20-Jul	19-Jul	13-Jul	21-Jun
5.74 2026	45	7.05	#N/A	7.06	#N/A
7.38 2027	-	7.06	7.05	7.06	7.00
7.10 2029	40	7.09	7.08	7.08	7.04
6.54 2032	10	7.13	7.12	7.12	7.11
7.26 2032	#VALUE!	7.12	7.11	7.12	7.10
7.54 2036	-	7.19	7.18	7.19	7.18

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

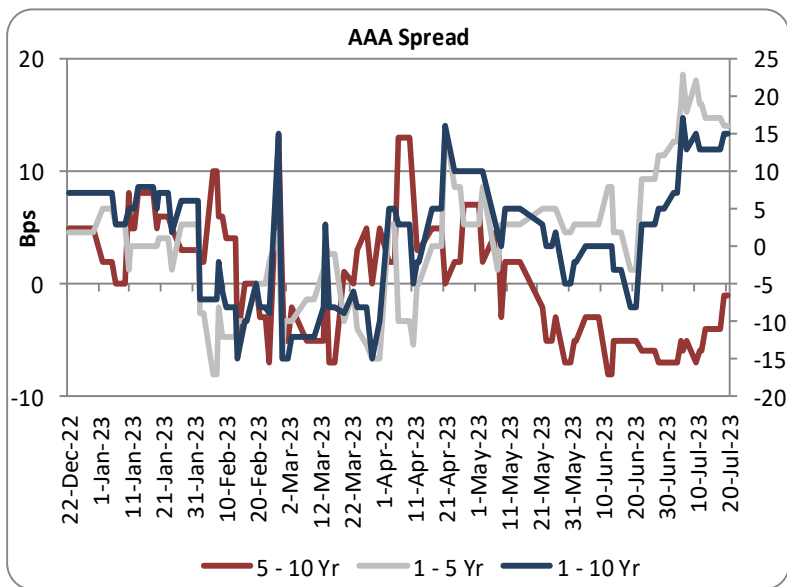
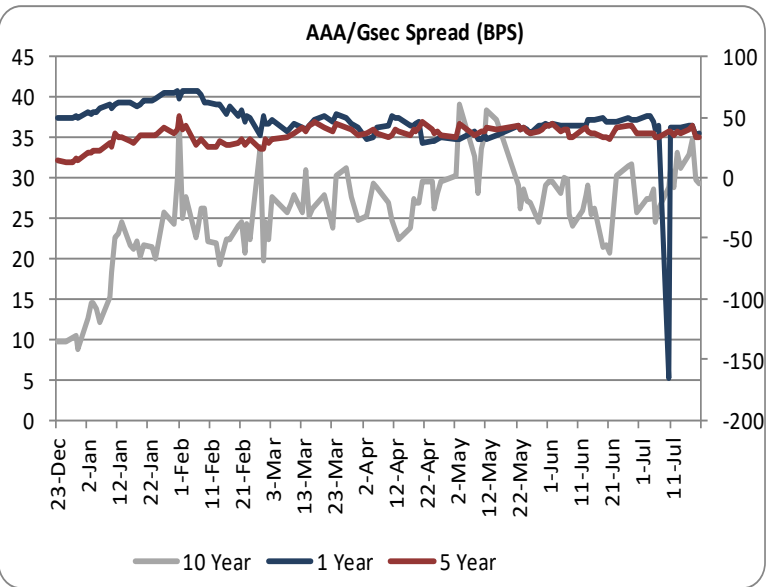
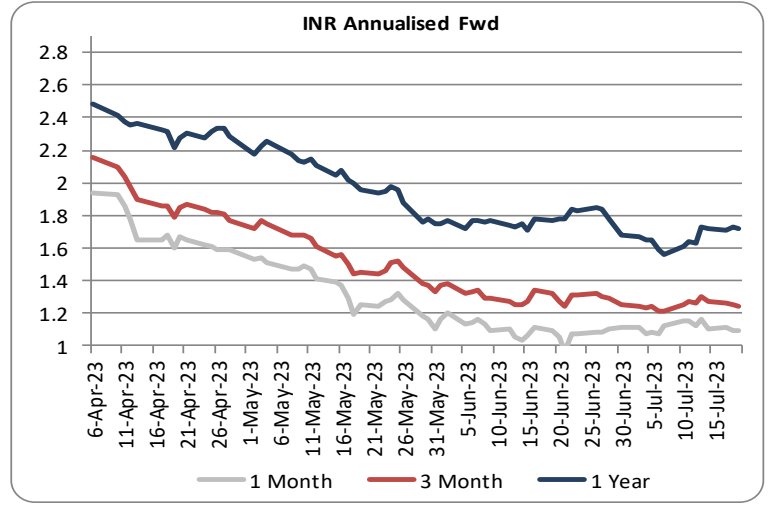
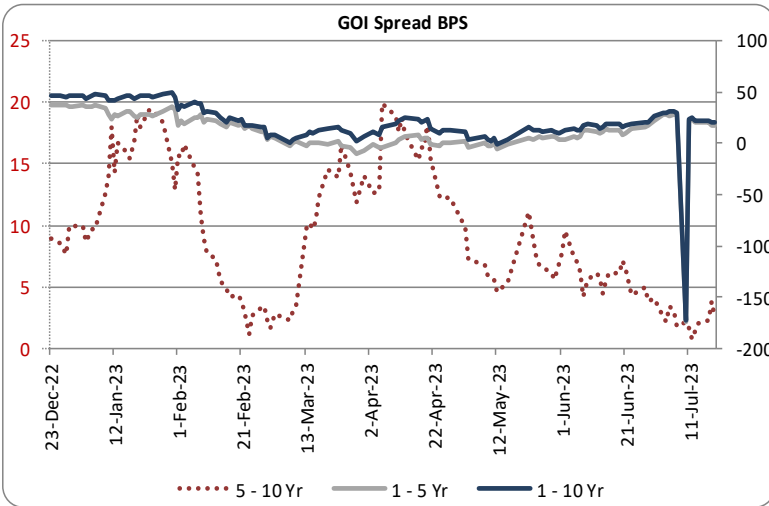
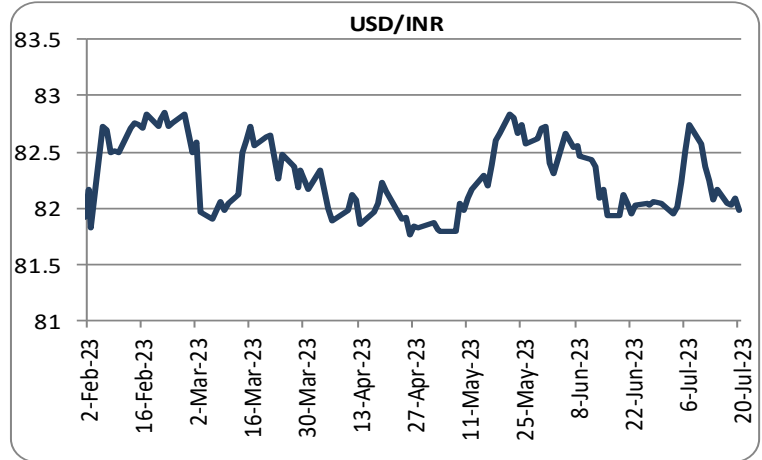
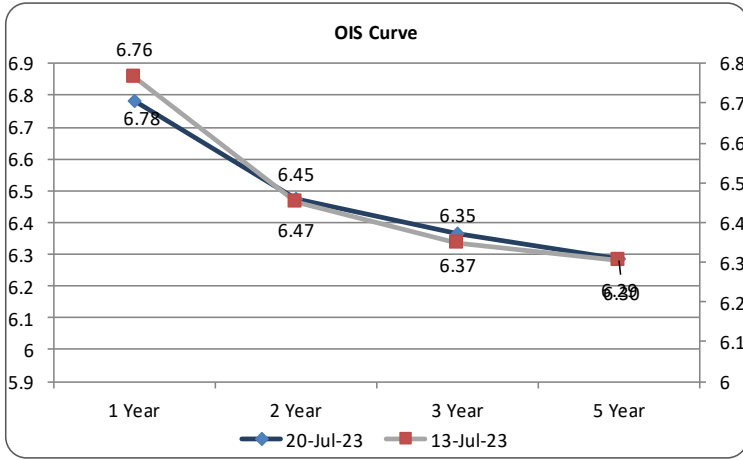
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
20-Jul-23	36	433	-176

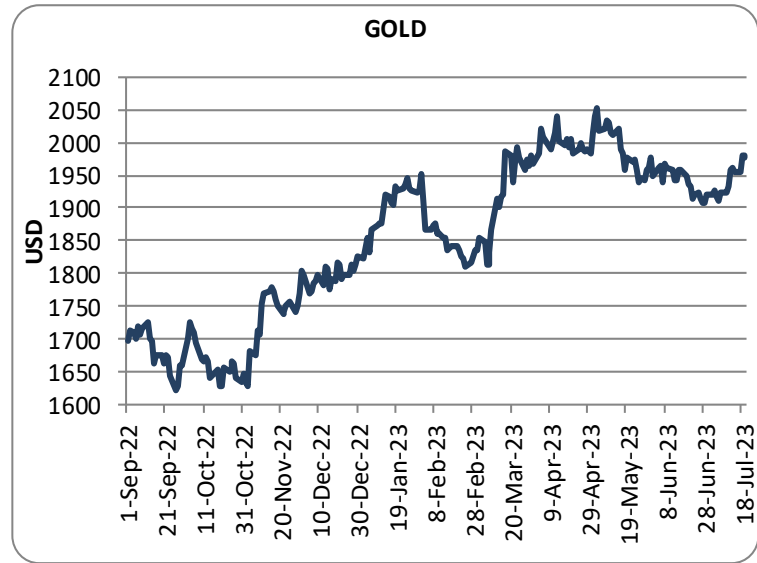
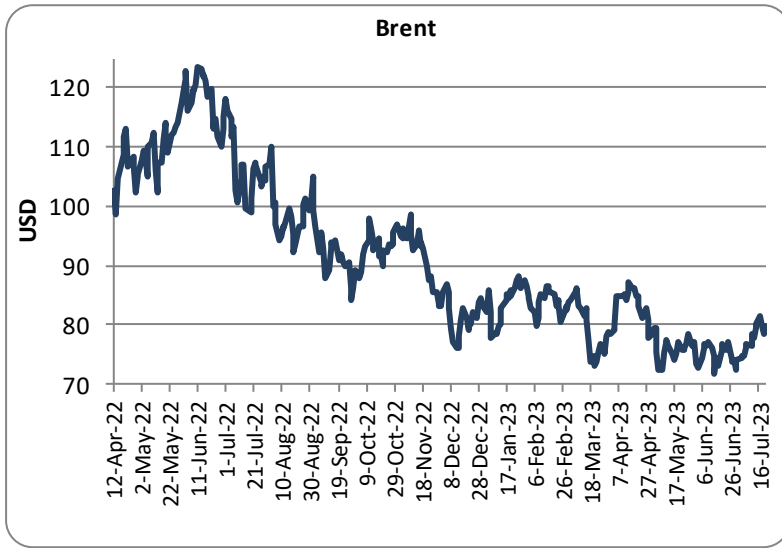
EQUITY	Gross Purchase	Gross Sales	Net Investment
	10104	7910	2194

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
10140	8343	2018

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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