



BONDWATCH

Daily

September 20, 2023

INDIA

Indian government bond yields fell marginally for a second consecutive session on Wednesday, as optimism that the country's debt could be added to global bond indexes continued to aid.

However, major focus remained on the U.S. Federal Reserve's monetary policy decision as well as the guidance on interest rate trajectory.

The 10-year benchmark 7.18% 2033 bond yield ended at 7.1532%, after closing at 7.1597% in the previous session.

Optimism over the inclusion of Indian bonds in global indexes has been helping demand lately, while foreign investors stepping up their purchases of bonds without an investment cap has also aided.

JPMorgan will likely review the composition of its emerging markets government bond index by early October, while a review of the FTSE global bond index is due before September end.

Meanwhile, the Fed is expected to stand pat on policy rates at the end of its meeting on Wednesday, but its guidance for the next quarter could move the markets either way.

The Fed has raised rates by 525 basis points (bps) since March 2022; the odds of a rate hike in November currently stand below 30%.

The 10-year U.S. yield was at 4.36%, near its highest level in 16 years, while the rate-sensitive two-year U.S. yield was at 5.09%.

The Indian rupee strengthened 0.23% versus the U.S. dollar, and quoted at 83.07 per dollar, aided by likely dollar sales by Reserve Bank of India and lower oil prices which helped the local unit avert falling to a record low.

Repo: The weighted average call rates in the interbank segment decreased to 6.76% vs 6.82% as on the previous day while that the TREP segment remained the same at 6.76% vs 6.76% as on the previous day.

Market Observations

G-sec

- T-bill cut off was in line with market expectations.
- Selling was seen in 3 to 4-year G-sec by banks @7.20 centric levels.
- Demand was seen in JFM 2025 maturity SDLs by Mutual funds @7.36 levels.

Corporate Bonds

- Insurance companies were active in the 2025-26 segment.

CP/CD

- Demand was seen in the 3-month segment.

GOI Yield	20-Sep	18-Sep	13-Sep	23-Aug
1 Year	7.060	7.050	7.050	6.857
5 Year	7.153	7.163	7.157	7.180
10 Year	7.173	7.191	7.195	7.193

AAA Bmk	20-Sep	18-Sep	13-Sep	23-Aug
1 Year	7.55	7.55	7.53	7.45
5 Year	7.64	7.64	7.68	7.68
10 Year	7.62	7.62	7.63	7.65

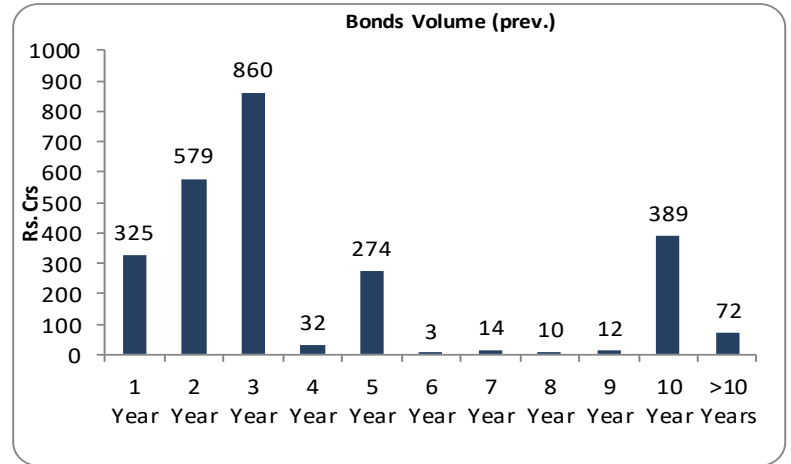
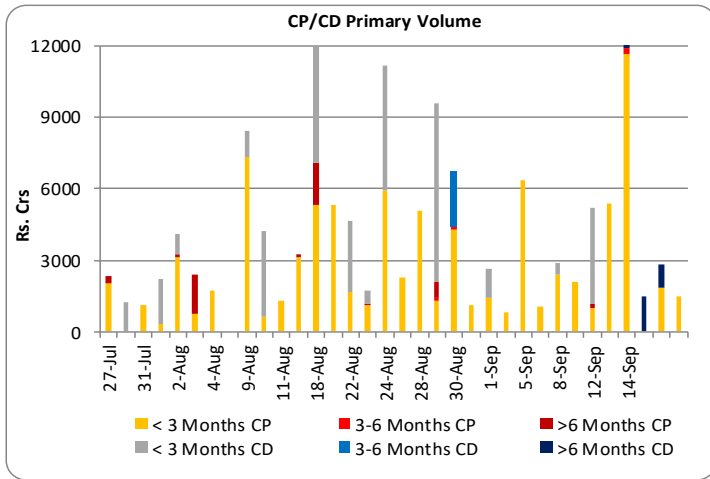
CD	20-Sep	18-Sep	13-Sep	23-Aug
3 Month	7.10	7.10	7.10	7.05
6 Month	7.25	7.25	7.25	7.30
1 Year	7.55	7.55	7.55	7.45

CP	20-Sep	18-Sep	13-Sep	23-Aug
3 Month	7.20	7.20	7.20	7.20
6 Month	7.35	7.35	7.35	7.40
1 Year	7.65	7.65	7.65	7.55

OIS Rate	20-Sep	18-Sep	13-Sep	23-Aug
1 Year	7.08	7.08	7.05	6.99
2 Year	6.84	6.85	6.82	6.72
3 Year	6.81	6.81	6.79	6.66
5 Year	6.78	6.78	6.77	6.63

	20-Sep	18-Sep	13-Sep	23-Aug
Sensex	66,801	67,597	67,467	65,433
Nifty	19,901	20,133	20,070	19,444
USD/INR	83.07	83.27	82.99	82.69
Gold (USD)	1,932	1,933	1,906	1,914
Oil (USD)	93.78	94.43	91.88	83.21

NDF	20-Sep	18-Sep	13-Sep	23-Aug
3 Month	83.44	83.54	83.29	82.86
1 Year	84.53	84.69	84.43	83.90
2 Year	86.81	86.91	86.67	85.96
3 Year	89.69	89.71	89.52	88.61



10 Year Benchmarks	20-Sep	18-Sep	13-Sep	23-Aug
India	7.15	7.15	7.17	7.19
US	4.35	4.32	4.25	4.20
South Korea	3.98	3.98	3.95	3.91
Russia	12.56	12.37	12.45	11.85
Brazil	11.36	11.28	11.21	11.06
Germany	2.72	2.72	2.65	2.52
China	2.68	2.68	2.65	2.56

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	12,720	7.20	7.17	7.18	7.15
7.06 2028	1,065	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	315	#N/A	#N/A	#N/A	7.23
6.64 2035	565	7.17	7.16	7.22	7.24
7.40 2035	-	7.20	7.18	7.24	7.23

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
12-Sep-23	7165	6821	344

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	4850	3735	1115

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	12016	10556	1460

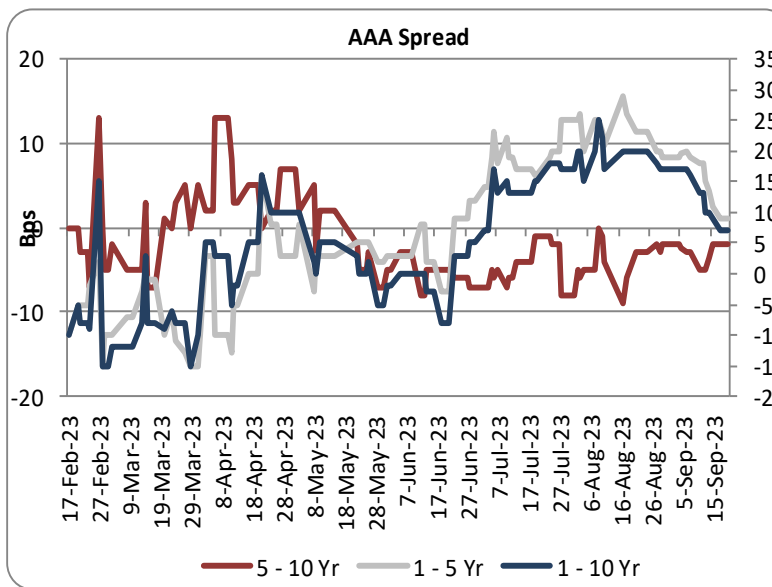
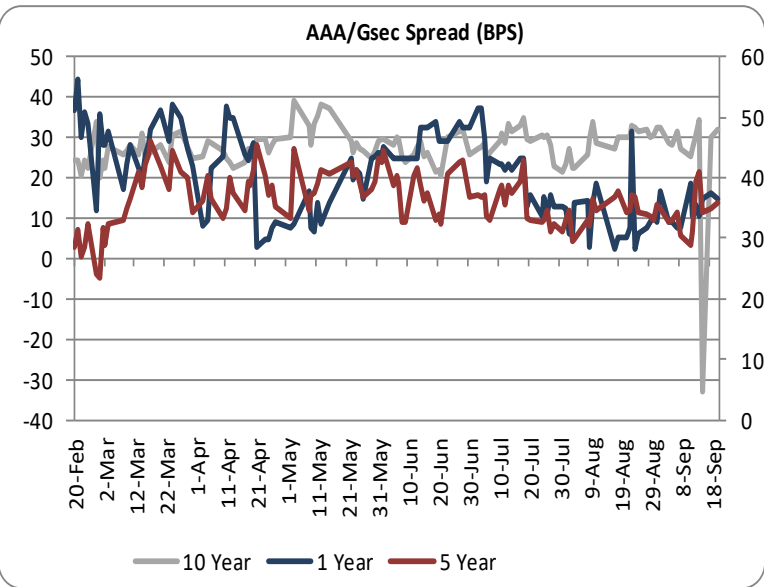
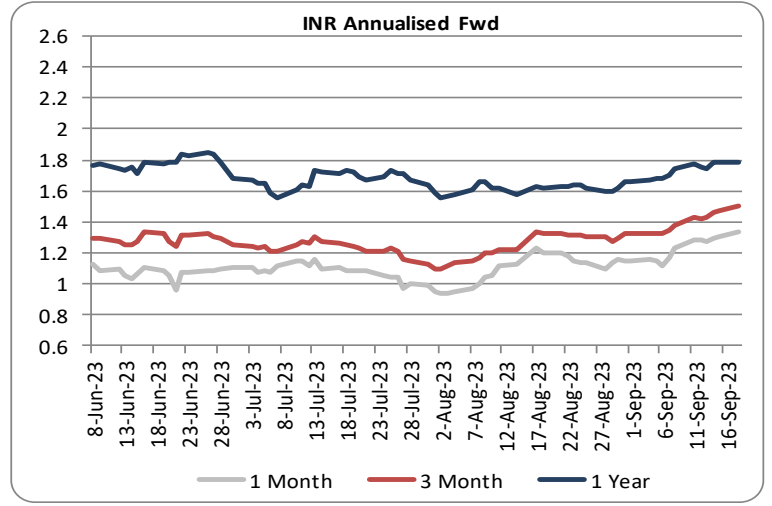
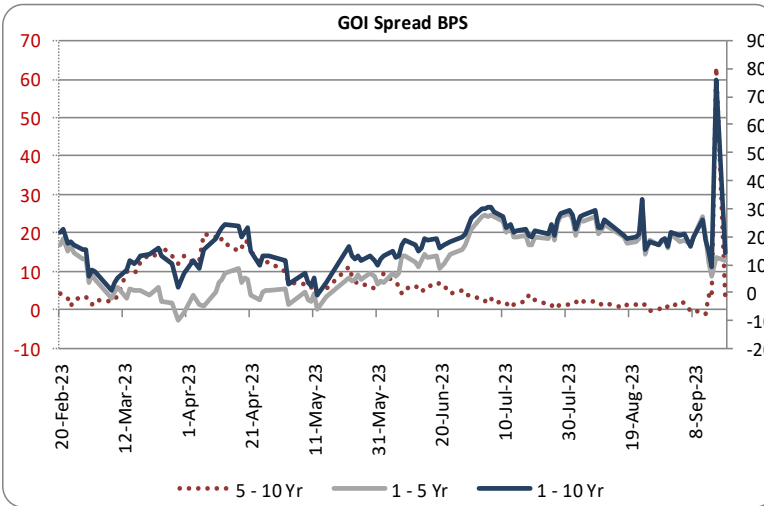
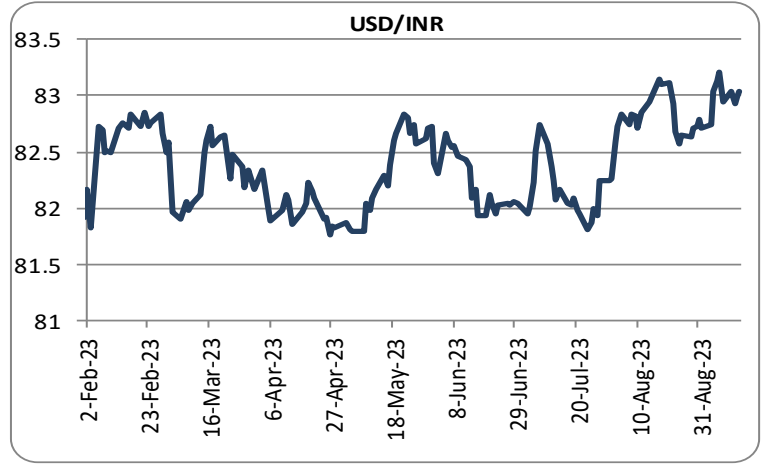
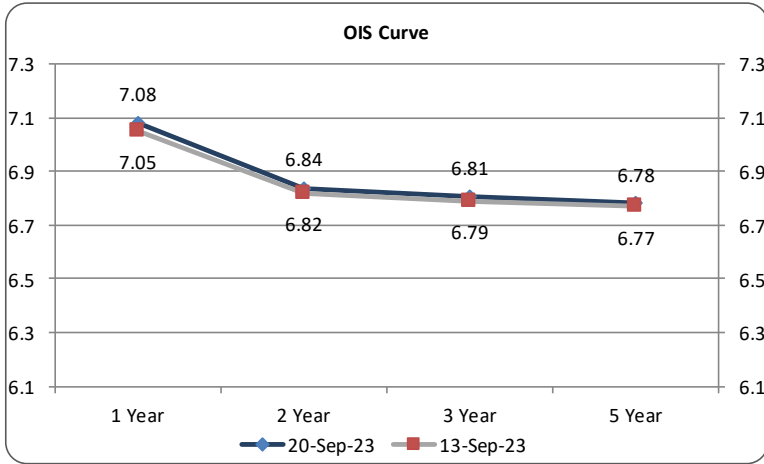
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
20-Sep-23	1409	1204	205

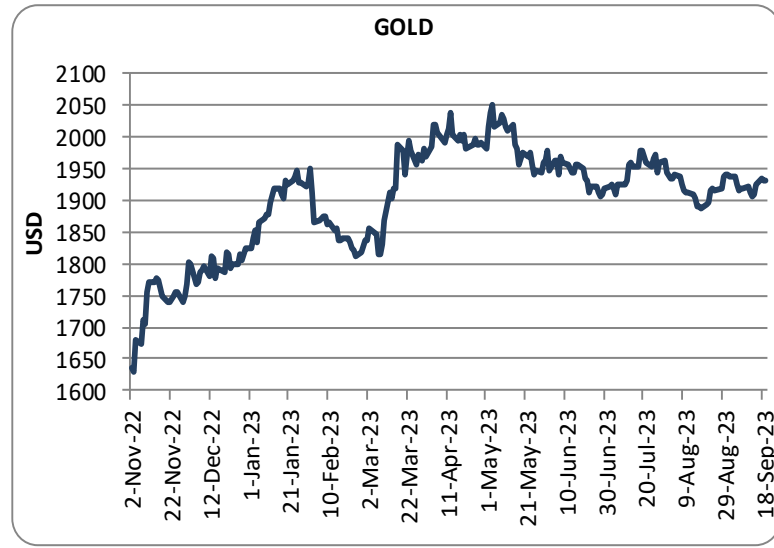
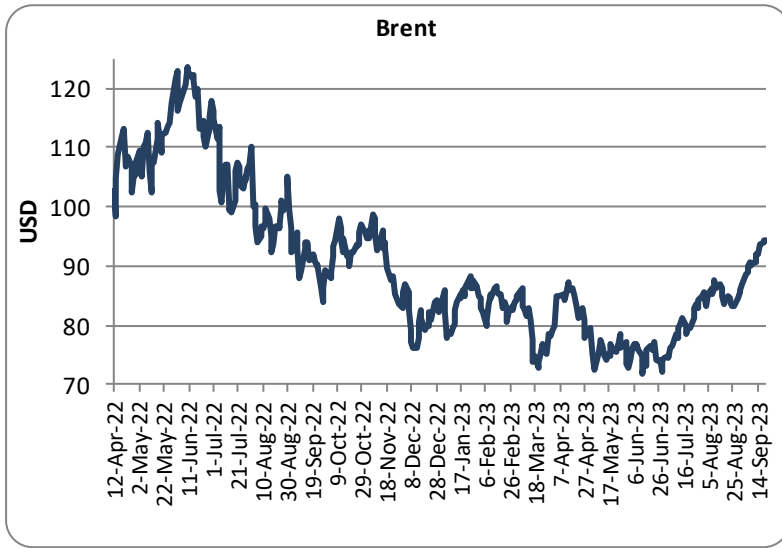
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	7973	8719	-746

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	9382	9923	-541

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Aug-23	-0.5	-1.4
CPI (%)	Aug-23	6.8	7.4
IIP (%)	Jul-23	5.7	3.7
PMI Manufacturing	Aug-23	58.6	57.7
PMI Service	Aug-23	60.1	62.3

Economic Calender	Country	Date	Poll	Prior
GDP YY	UK	13-Sep-23	0.4	0.9
Industrial Output	UK	13-Sep-23	0.50	0.70
CPI	USA	13-Sep-23	3.60	3.20
Unemployment Rate	Australia	14-Sep-23	3.70	3.70
ECB Refinancing Rate	Euro Zone	14-Sep-23	4.25	4.25
Retail Sales	Brazil	15-Sep-23	1.80	1.30
CPI	UK	20-Sep-23	-	6.80
Fed Funds Target Rate	USA	20-Sep-23	-	5.25-5.5





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

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