



BONDWATCH

Daily

INDIA

February 21, 2023

Indian government bond yields ended marginally higher on Tuesday as a fresh sale of debt from states added to the overall supply, while traders await the minutes of the central bank's latest monetary policy.

The 10-year benchmark 7.26% 2032 bond yield ended at 7.3883%, after closing lower at 7.3726% on Monday.

RBI devolved nearly 70% of the 10-year 7.26% 2033 bond on primary dealers, resulting in a selloff in the secondary market.

Indian states raised 192.37 billion rupees (\$2.32 billion) through the sale of bonds earlier in the day, but the quantum was lower than planned as some states did not borrow amid rising yields.

States paid yields ranging between 7.65% and 7.71% for 10-year papers, largely in line with estimates.

India aims to gross borrow 15.43 trillion rupees through the sale of bonds in the next financial year, wherein supply may outstrip demand, leading to a further rise in yields, traders have said. Traders will now focus on the minutes of the RBI's Monetary Policy Committee meeting, due Wednesday, which will provide more clarity on the views of the members on inflation dynamics and help shape the interest rate trajectory.

The RBI has raised the policy rate for the sixth consecutive time, taking it to 6.50% and kept the door open for more tightening, highlighting core inflation concerns.

The Indian rupee weakened 0.08% versus the U.S. dollar, and quoted at 82.8179 per dollar tracking similar movements in the dollar index, with Asian currencies declining ahead of the release of Fed minutes.

Repo: The weighted average call rates in the interbank segment decreased to 6.58% vs 6.61% on the previous day while that the TREP segment decreased to 6.51% vs 6.54% as on the previous day.

Market Observations

G-sec

- SDL cut off was inverted as heavy demand was seen in longer end SDL.
- Highest Spread between 10yr SDL and 30yr SDL was -18bps.
- Demand was seen in 7year AP SDL as the market was keen to buy 7year paper at or above 67 levels.

Corporate Bonds

- Postal and pensions buying in longer end while MFs in the 2023-2026 segment. Yields were relatively flat vs previous closing.

CP/CD

- Major demand was witnessed across all segments.

GOI Yield	21-Feb	20-Feb	14-Feb	24-Jan
1 Year	7.160	7.160	7.120	6.890
5 Year	7.351	7.329	7.316	7.152
10 Year	7.388	7.373	7.371	7.345

AAA Bmk	21-Feb	20-Feb	14-Feb	24-Jan
1 Year	7.85	7.80	7.85	7.66
5 Year	7.80	7.75	7.75	7.63
10 Year	7.77	7.75	7.70	7.68

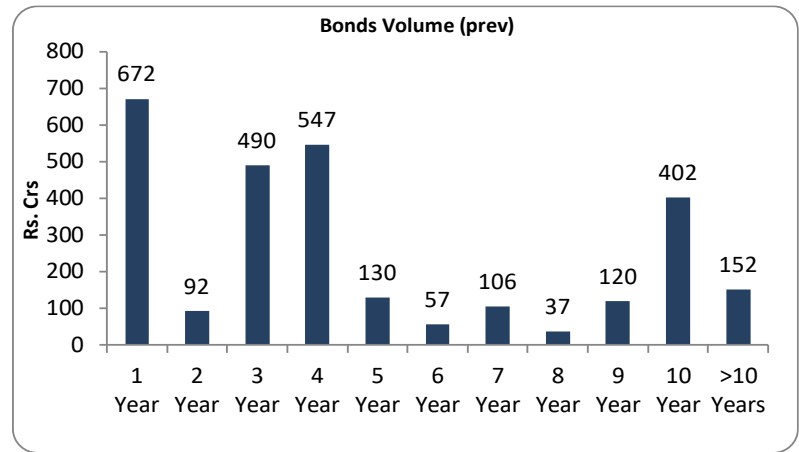
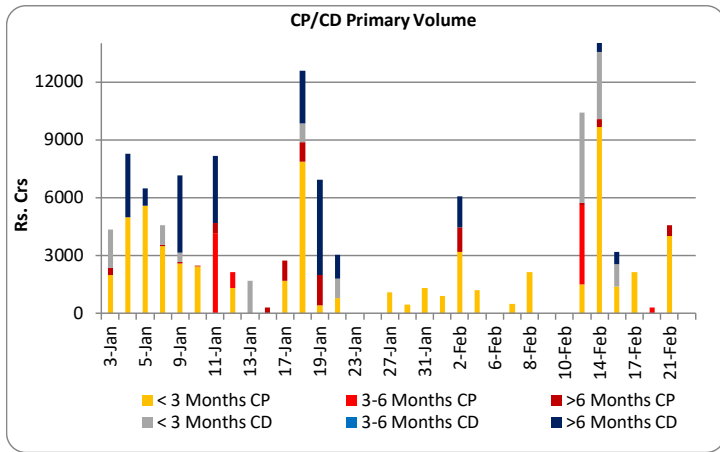
CD	21-Feb	20-Feb	14-Feb	24-Jan
3 Month	7.35	7.35	7.25	7.15
6 Month	7.65	7.65	7.60	7.55
1 Year	7.80	7.80	7.80	7.72

CP	21-Feb	20-Feb	14-Feb	24-Jan
3 Month	7.45	7.45	7.35	7.40
6 Month	7.75	7.75	7.70	7.85
1 Year	7.90	7.90	7.82	8.00

OIS Rate	21-Feb	20-Feb	14-Feb	24-Jan
1 Year	6.97	6.94	6.92	6.67
2 Year	6.67	6.62	6.57	6.28
3 Year	6.57	6.53	6.45	6.18
5 Year	6.58	6.52	6.47	6.17

	21-Feb	20-Feb	14-Feb	24-Jan
Sensex	60,673	60,692	61,032	60,979
Nifty	17,827	17,845	17,930	18,118
USD/INR	82.79	82.72	82.76	81.72
Gold (USD)	1,835	1,841	1,854	1,937
Oil (USD)	84.13	84.07	85.58	86.13

NDF	21-Feb	20-Feb	14-Feb	24-Jan
3 Month	83.31	83.20	83.35	82.12
1 Year	84.57	84.47	84.57	83.54
2 Year	87.83	86.37	86.59	85.38
3 Year	89.37	88.82	89.09	88.40



10 Year Benchmarks	21-Feb	20-Feb	14-Feb	24-Jan
India	7.39	7.37	7.37	7.35
US	3.88	3.83	3.76	3.47
South Korea	3.60	3.61	3.40	3.28
Russia	11.06	11.04	10.97	10.53
Brazil	13.25	13.25	13.47	13.18
Germany	2.48	2.46	2.45	2.16
China	2.92	2.92	2.89	2.99

Top Traded Securities	Volume	21-Feb	20-Feb	14-Feb	24-Jan
5.74 2026	530	7.31	7.29	7.28	7.13
7.38 2027	-	7.35	7.33	7.32	7.15
7.10 2029	50	7.38	7.36	7.35	7.28
6.54 2032	-	7.40	7.38	7.38	7.36
7.26 2032	-	7.39	7.37	7.37	7.35
7.54 2036	-	7.45	7.43	7.45	7.40

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
15-Feb-23	4351	4303	48

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6384	6452	-69

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10735	10756	-21

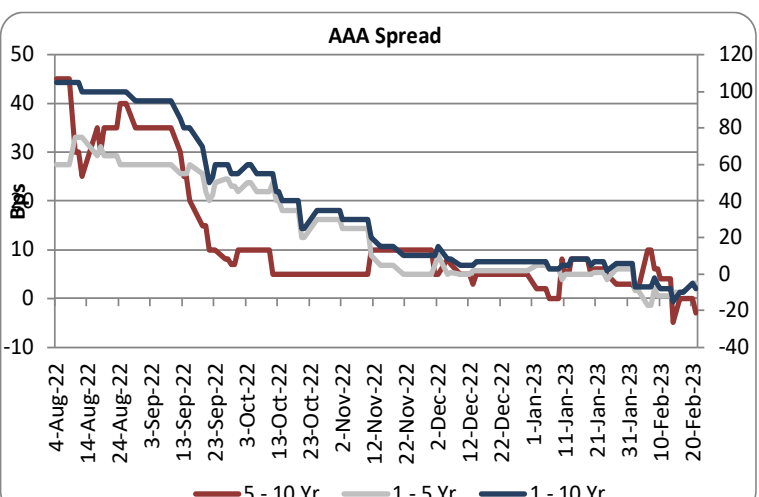
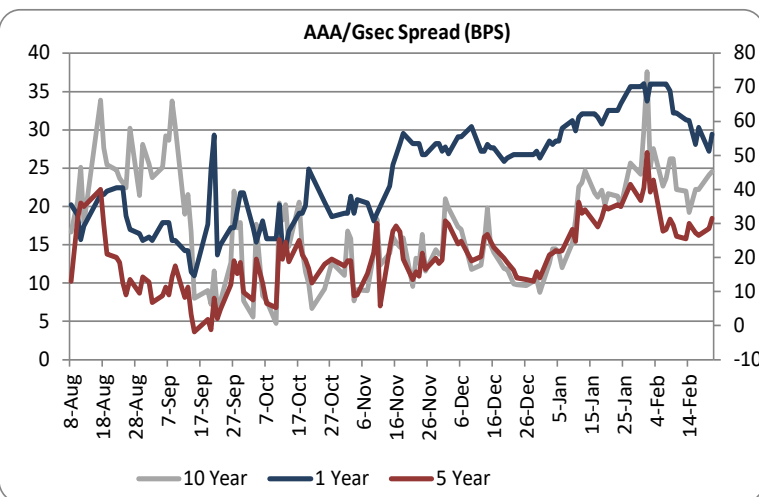
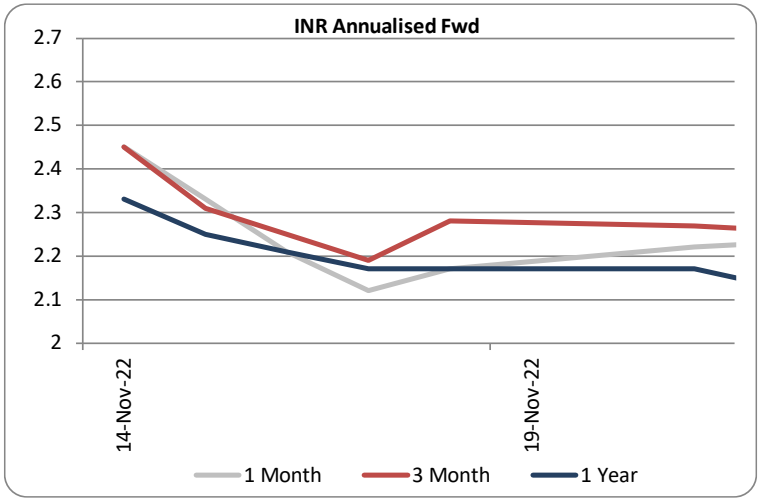
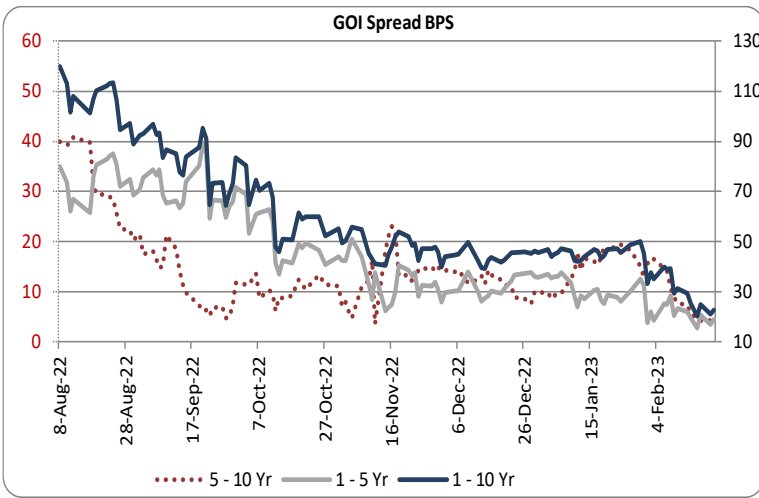
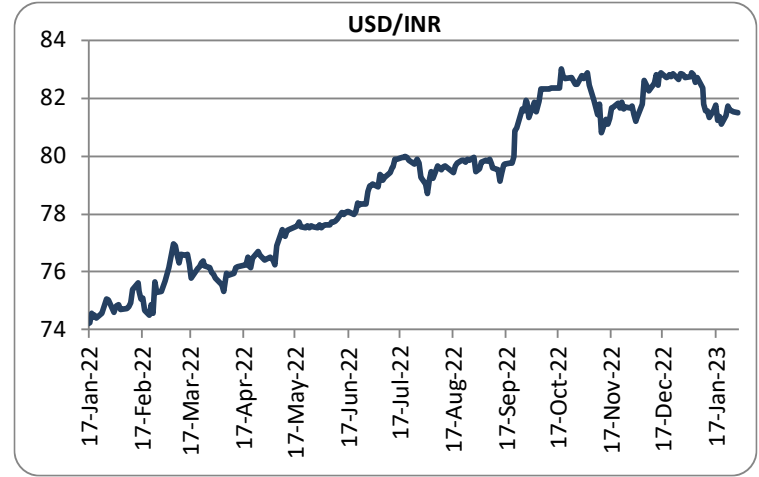
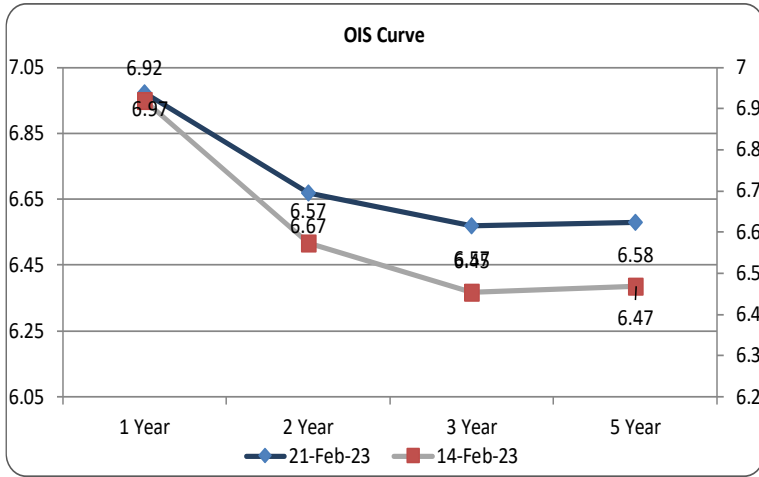
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
21-Feb-23	680	836	-156

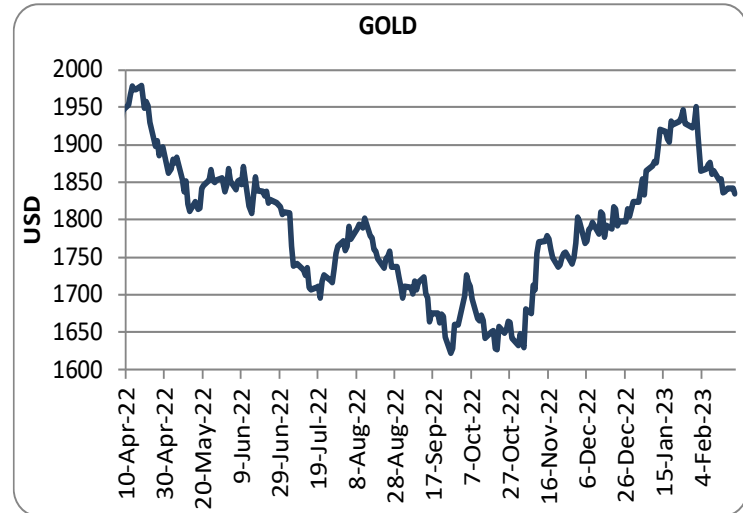
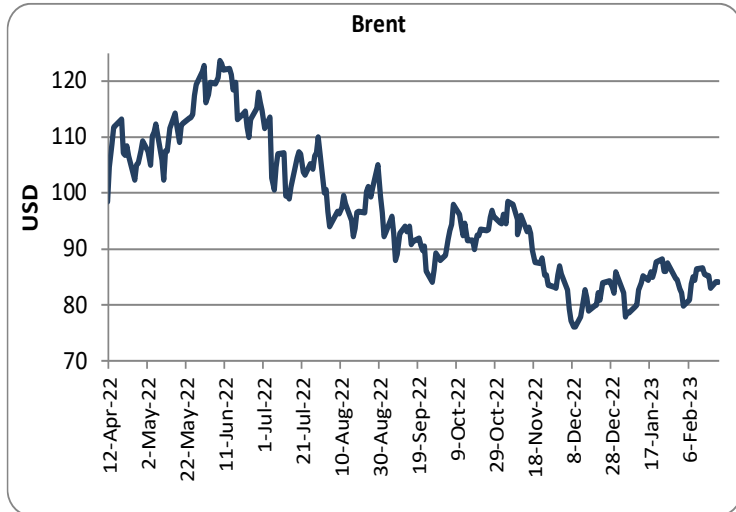
EQUITY		
Gross Purchase	Gross Sales	Net Investment
4686	4216	470

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
5365	5052	314

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-22	6.3	13.5
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Jan-23	55.4	57.8
PMI Service	Jan-23	57.2	58.5

Economic Calender	Country	Date	Poll	Prior
WPI	India	14-Feb-23	4.54	4.95
Unemployment Rate	UK	14-Feb-23	3.70	3.70
CPI	USA	14-Feb-23	6.20	6.50
CPI	UK	15-Feb-23	10.20	10.50
Industrial Output	Poland	20-Feb-23	4.30	-
Exports	Thailand	28-Feb-23	-	(12.90)
Imports	Thailand	28-Feb-23	-	(10.50)
GDP	Switzerland	28-Feb-23	-	0.50





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

LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

The information in this document has been printed based on publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand, or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.

For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

Visit our website - <http://www.lkpsec.com/>