



# BONDWATCH

INDIA

Daily

May 22, 2023

Indian government bond yields ended lower on Monday amid expectations that the central bank's move to withdraw highest value currency notes would push up liquidity, and improved appetite for fixed-income assets.

The 10-year benchmark 7.26% 2033 bond yield ended at 6.9864% after closing at 7.0106% on Friday. The three-year to five-year bond yields ended lower by around seven basis points.

On Friday, the Reserve Bank of India said it would withdraw its highest denomination 2,000-rupee note from circulation. The central bank's decision is likely to improve banking system liquidity, bringing down recently elevated short-term rates.

The improvement in liquidity could push the shorter duration bond yields downwards, but long-end yields may rise over the medium term with much-anticipated open market bond purchases as well as domestic policy easing getting delayed.

The fall in longer-duration bond yields was also capped, amid constantly rising U.S. peers. The 10-year U.S. yield jumped 25 basis points in the last six sessions and was trading around 3.65%.

Oil prices edged up on Monday on a softer dollar and supply cuts from Canada and OPEC+ producers.

The Indian rupee weakened 0.20% versus the U.S. dollar, and quoted at 82.85 per dollar, weighed down by broad strength in the dollar, while markets looked for developments on the U.S. debt ceiling and the trajectory of rate hikes.

Repo: The weighted average call rates in the interbank segment increased to 6.37% vs 6.23% as on the previous day while that the TREP segment increased to 6.33% vs 6.27% as on the previous day.

GOI Yield	22-May	15-May	8-May	24-Apr
1 Year	6.823	6.970	6.980	7.000
5 Year	6.876	6.953	6.981	6.974
10 Year	6.986	7.006	7.049	7.098

AAA Bmk	22-May	15-May	8-May	24-Apr
1 Year	7.37	7.45	7.48	7.42
5 Year	7.42	7.48	7.45	7.50
10 Year	7.40	7.50	7.50	7.52

CD	22-May	15-May	8-May	24-Apr
3 Month	6.85	7.15	7.20	7.05
6 Month	7.13	7.35	7.35	7.25
1 Year	7.30	7.50	7.45	7.50

CP	22-May	15-May	8-May	24-Apr
3 Month	6.90	7.25	7.30	7.15
6 Month	7.25	7.45	7.45	7.35
1 Year	7.40	7.60	7.55	7.60

OIS Rate	22-May	15-May	8-May	24-Apr
1 Year	6.50	6.58	6.62	6.60
2 Year	6.12	6.21	6.21	6.21
3 Year	5.99	6.06	6.02	6.09
5 Year	5.94	6.02	6.00	6.09

	22-May	15-May	8-May	24-Apr
Sensex	61,964	62,346	61,764	60,056
Nifty	18,314	18,399	18,264	17,743
USD/INR	82.83	82.30	81.80	81.91
Gold (USD)	1,974	2,021	2,021	1,989
Oil (USD)	75.69	75.23	77.01	82.73

NDF	22-May	15-May	8-May	24-Apr
3 Month	83.18	82.58	82.13	82.24
1 Year	84.39	83.99	83.48	83.57
2 Year	86.80	86.34	85.94	85.89
3 Year	90.00	89.24	88.84	88.77

## Market Observations

### G-sec

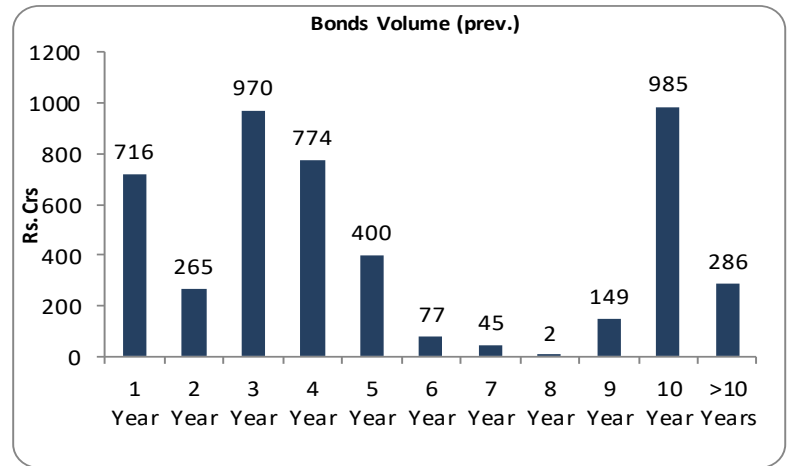
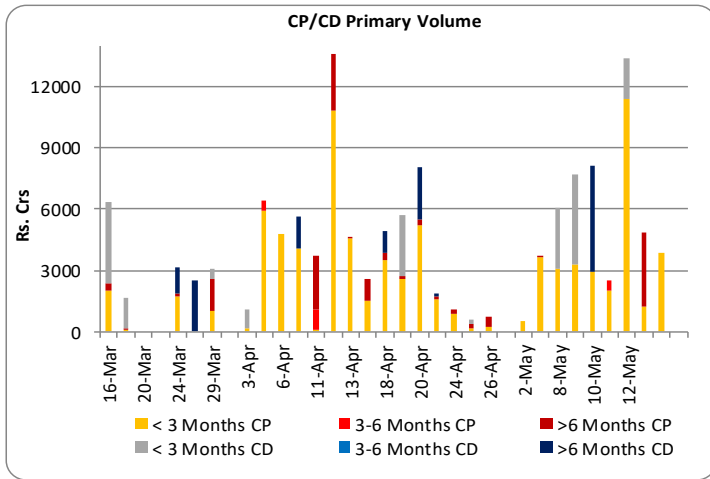
- G-Sec strips were traded in size across the curve in the range between 7.02-7.20. Major players were Foreign and private banks.
- T-Bills yields softened. Adequate sell-off was seen in the segment.

### Corporate Bonds

- Market yields were lower by 7-8 bps specially in the mid-segment.

### CP/CD

- Demand was seen across 3-month to 1-year segment.



10 Year Benchmarks	22-May	15-May	8-May	24-Apr
India	6.99	7.00	7.05	7.11
US	3.67	3.51	3.52	3.52
South Korea	3.40	3.33	3.31	3.31
Russia	10.67	10.68	10.65	10.59
Brazil	11.99	11.93	12.28	12.70
Germany	2.43	2.31	2.32	2.49
China	2.72	2.73	2.75	2.82

Top Traded Securities	Volume	22-May	15-May	8-May	24-Apr
5.74 2026	360	6.84	6.92	6.93	6.95
7.38 2027	-	6.88	6.95	6.98	6.97
7.10 2029	-	6.95	7.01	7.03	7.06
6.54 2032	5	7.04	7.07	7.12	7.16
7.26 2032	#VALUE!	7.02	7.06	7.09	7.14
7.54 2036	-	7.09	7.10	7.15	7.22

DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
12-May-23	3723	4336	-613

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	7236	8268	-1033

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	10959	12604	-1645

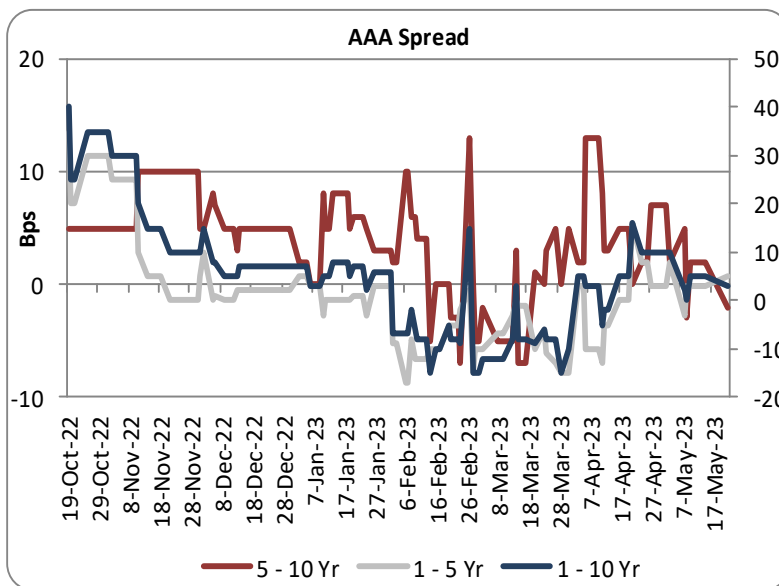
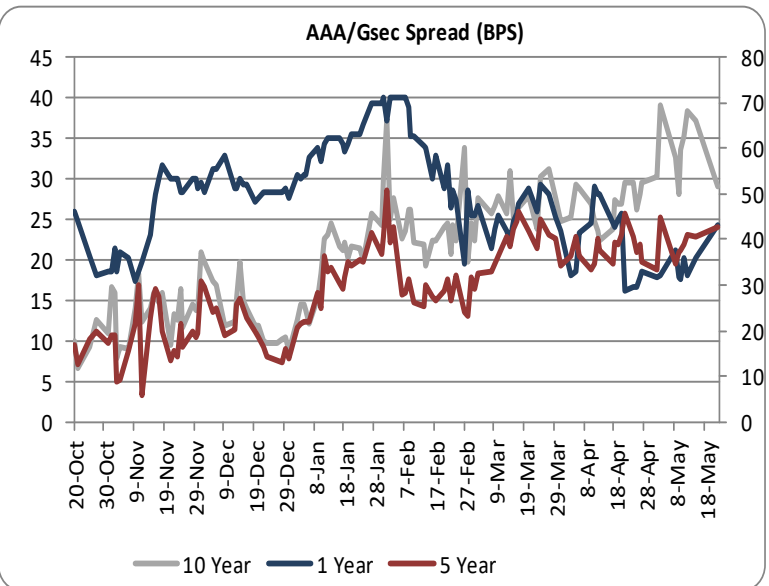
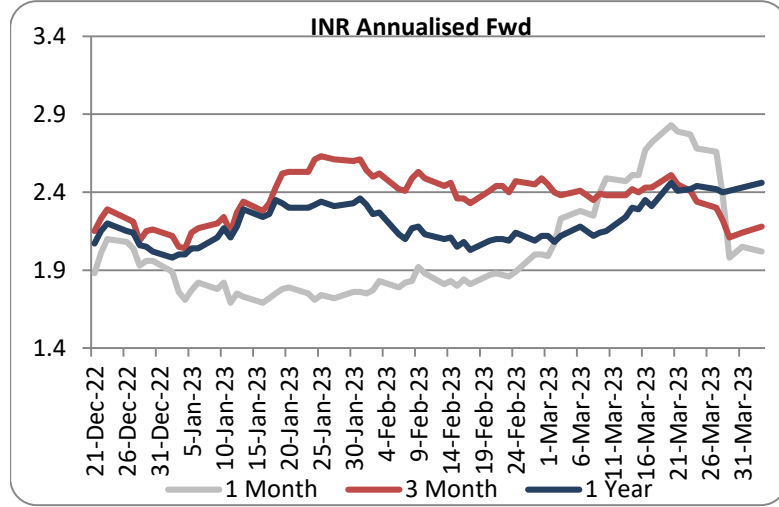
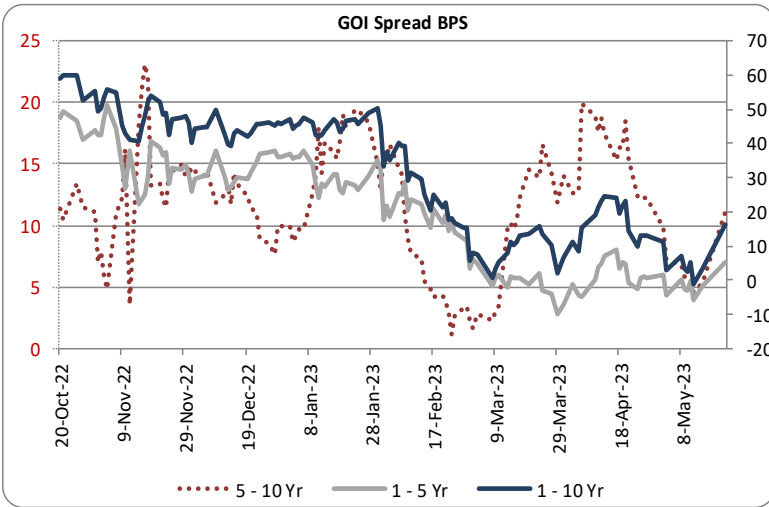
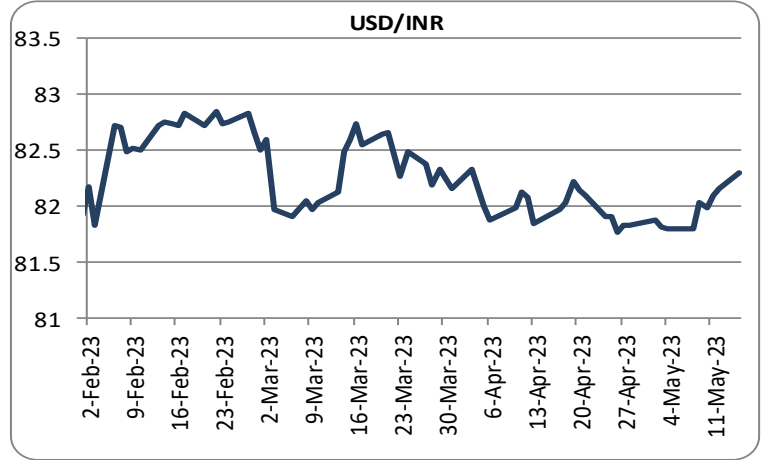
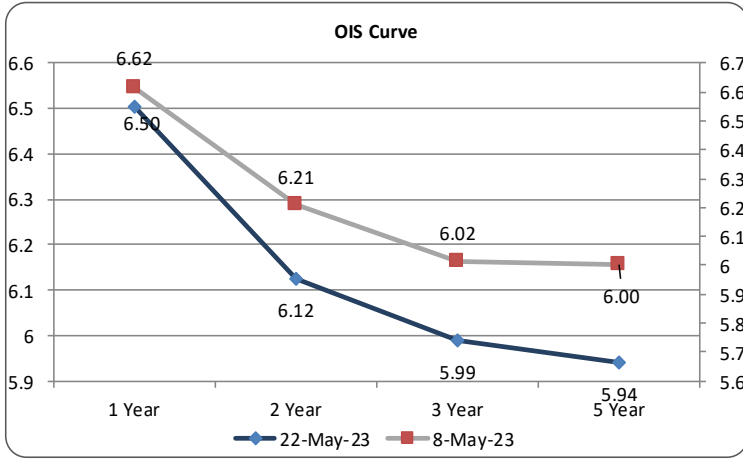
DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
22-May-23	949	1254	-306

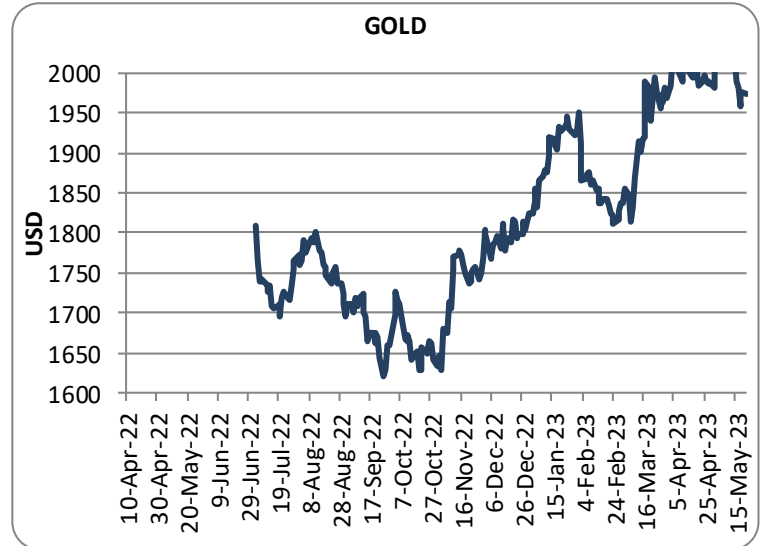
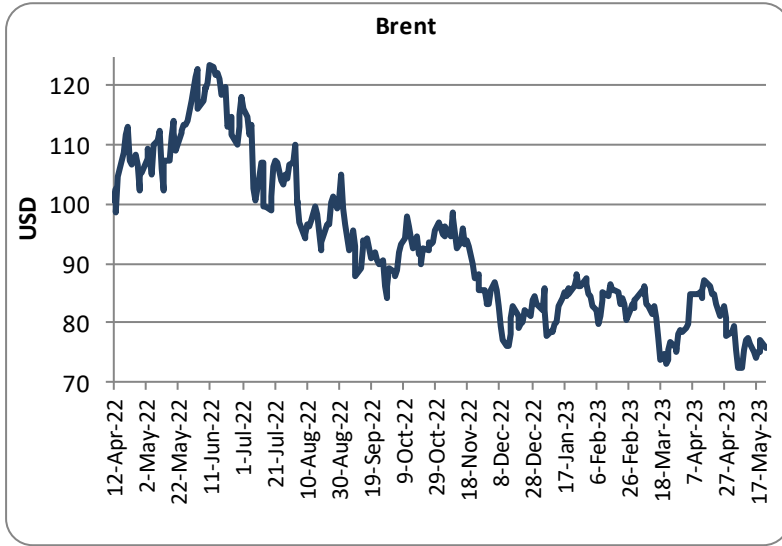
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	7376	6623	753

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	8325	7878	447

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Dec-22	-18.2	-30.9
Trade Deficit (\$ Bn)	Dec-22	-72.7	-78.3
WPI (%)	Apr-23	-0.9	1.3
CPI (%)	Apr-23	4.7	5.7
IIP (%)	Mar-23	1.1	5.6
PMI Manufacturing	Apr-23	57.2	56.4
PMI Service	Apr-23	62	57.8

Economic Calender	Country	Date	Poll	Prior
CPI	China	11-May-23	-	7.20
GDP	UK	12-May-23	0.20	0.60
CPI	India	12-May-23	4.80	5.66
WPI	India	15-May-23	(0.20)	1.34
Industrial Output	China	16-May-23	10.10	3.90
Exports	Japan	18-May-23	-	4.30
Unemployment Rate	Australia	18-May-23	3.50	3.50
CPI	UK	24-May-23	-	10.10





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

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