



Indian government bond yields declined on Wednesday, with the benchmark 10-year yield closing at a near one-year low after the central bank approved a record surplus transfer to the government, improving demand.

The 10-year yield ended at 6.9919%, its lowest since June 7, 2023, following its previous close of 7.0351%. The 7.18% 2033 bond yield ended at 7.0371%, after ending at 7.0783% on Tuesday.

The Reserve Bank of India's board approved the transfer of a record 2.11 trillion rupees (\$25.35 billion) as surplus to government for the fiscal year that ended in March. The amount was sharply higher than 874.16 billion rupees in the previous year and market estimates of between 750 billion rupees to 1.2 trillion rupees.

As per the interim budget, the government had budgeted for a dividend of 1.02 trillion rupees from the central bank, state-run banks and other financial institutions.

Earlier in the day, bonds traded largely sideways as markets awaited the government's next step after third consecutive attempt to infuse liquidity via buyback of debt was undersubscribed this week.

Meanwhile, the 10-year U.S. bond yield stayed above 4.40%, as investors awaited the minutes from the Federal Reserve's latest policy meeting due later in the day for fresh clues on interest rates.

The Indian rupee strengthened 0.04% versus the U.S. dollar, and quoted at 83.28 per dollar, after dollar demand from local importers prompted the currency to shed gains from a six-week high hit earlier in the session.

Repo: The weighted average call rates in the interbank segment decreased to 6.75% vs 6.76% as on the previous day while that the TREP segment decreased to 6.63% vs 6.72% as on the previous day.

### Market Observations

#### G-sec

- Market rallied by 4 to 5bps from day's low to close @6.99 level as RBI announced 2.11L crore dividend.
- T-bill cut off was 2 to 3 bps better in 3-month maturity and 2 bps higher in 6-month maturity.
- Demand was seen in August t-bills by mutual funds. Major sellers were banks and foreign banks.

#### Corporate Bonds

- Major activity was seen in the 2025-2028 segment.
- Mutual funds and banks were active participants on the buying as well as selling side.

#### CP/CD

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

GOI Yield	22-May	21-May	15-May	24-Apr
1 Year	7.015	7.040	7.055	7.060
5 Year	7.027	7.047	7.078	7.193
10 Year	6.992	7.078	7.082	7.185

AAA Bmk	22-May	21-May	15-May	24-Apr
1 Year	7.70	7.70	7.65	7.70
5 Year	7.60	7.60	7.67	7.75
10 Year	7.55	7.55	7.58	7.65

CD	22-May	21-May	15-May	24-Apr
3 Month	7.15	7.15	7.25	7.15
6 Month	7.40	7.40	7.40	7.40
1 Year	7.65	7.65	7.70	7.60

CP	22-May	21-May	15-May	24-Apr
3 Month	7.25	7.25	7.45	7.25
6 Month	7.55	7.55	7.50	7.50
1 Year	7.75	7.75	7.75	7.70

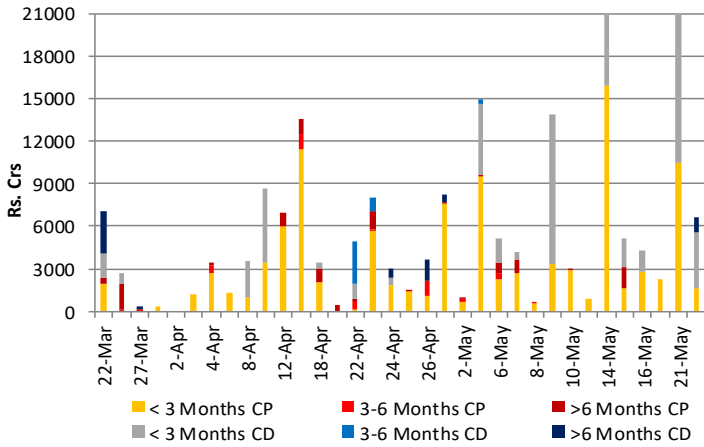
OIS Rate	22-May	21-May	15-May	24-Apr
1 Year	6.78	6.79	6.80	6.89
2 Year	6.50	6.50	6.52	6.64
3 Year	6.44	6.44	6.47	6.60
5 Year	6.39	6.39	6.43	6.58

	22-May	21-May	15-May	24-Apr
Sensex	74,221	73,953	72,987	73,853
Nifty	22,598	22,529	22,201	22,402
USD/INR	83.28	83.31	83.50	83.32
Gold (USD)	2,410	2,422	2,386	2,316
Oil (USD)	81.89	82.88	82.75	88.02

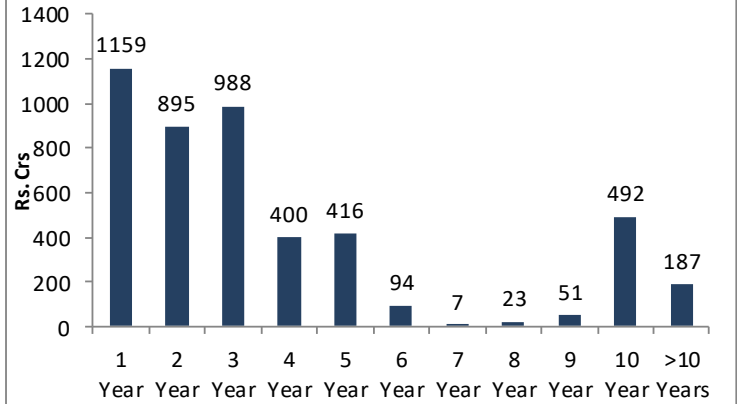
NDF	22-May	21-May	15-May	24-Apr
3 Month	83.53	83.56	83.68	83.57
1 Year	84.68	84.69	84.80	84.72
2 Year	86.66	86.69	86.87	86.72
3 Year	89.10	89.13	89.34	89.17



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	22-May	21-May	15-May	24-Apr
India	6.99	7.08	7.09	7.19
US	4.45	4.41	4.36	4.65
South Korea	3.47	3.49	3.55	3.65
Russia	14.26	14.16	14.98	14.21
Brazil	11.68	11.68	11.55	11.52
Germany	2.54	2.51	2.42	2.59
China	2.31	2.31	2.30	2.28

Top Traded Securities	Volume	17-May	16-May	10-May	16-Apr
7.26 2033	915	7.12	7.10	7.14	7.20
7.06 2028	1,085	7.08	7.08	7.11	7.18
7.62 2039	25	7.13	7.12	7.17	7.24
7.30 2053	1,190	7.17	7.16	7.21	7.28
6.64 2035	35	7.14	7.12	7.15	7.21
7.40 2035	85	7.18	7.11	7.18	7.21

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
16-May-24	301	222	78

EQUITY		
Gross Purchase	Gross Sales	Net Investment
730	1197	-466

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
1031	1419	-388

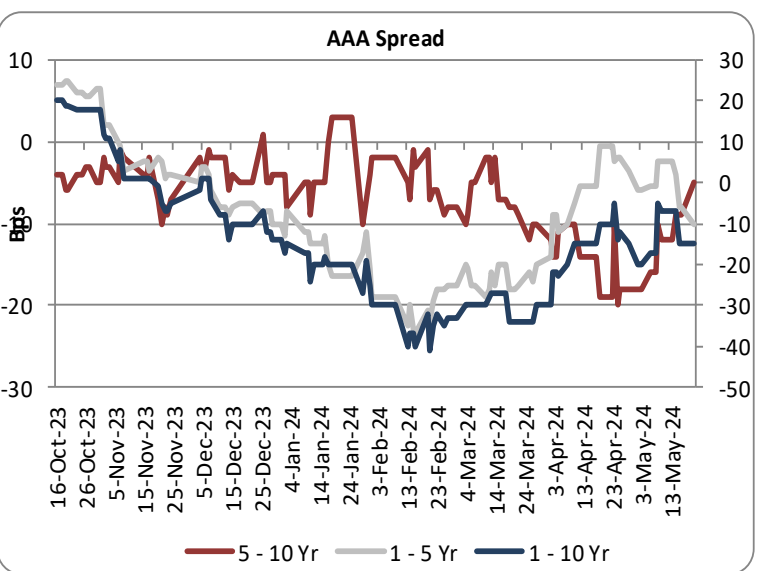
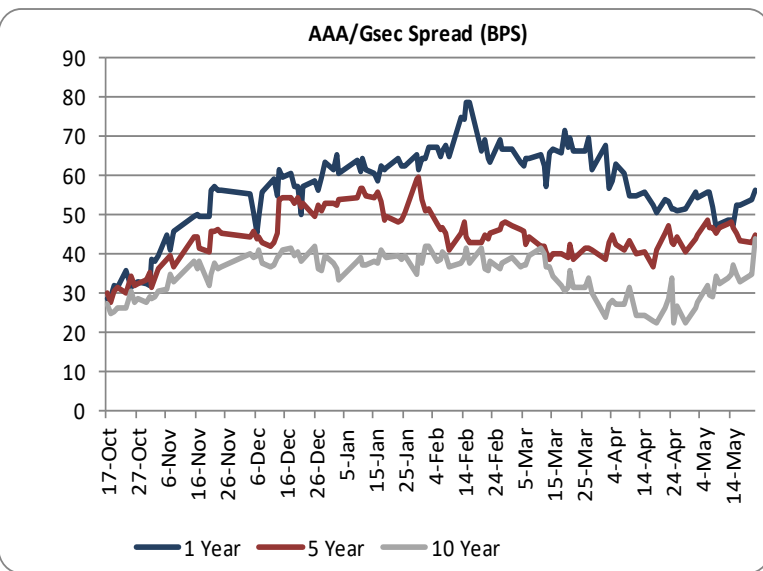
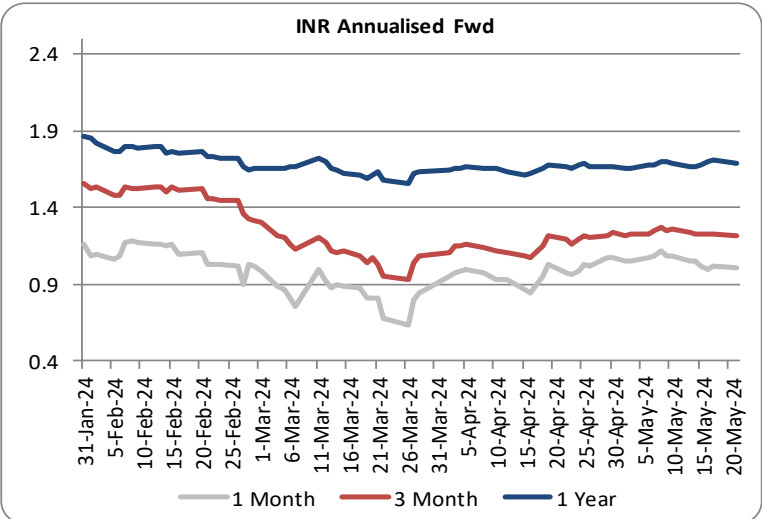
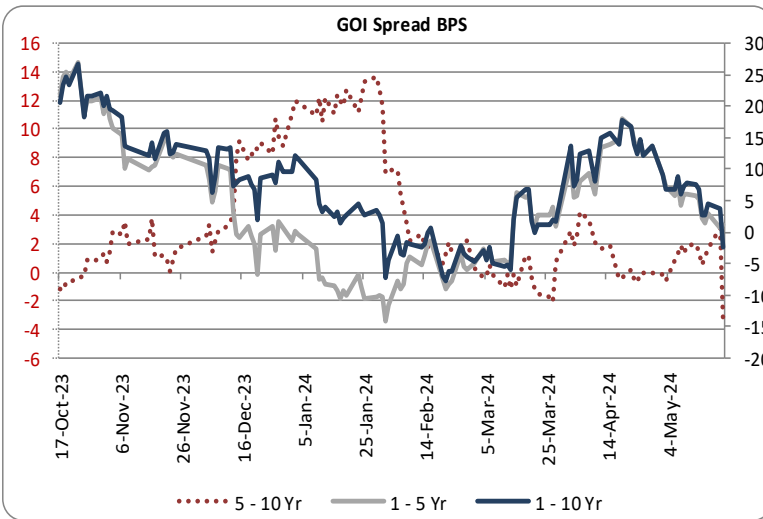
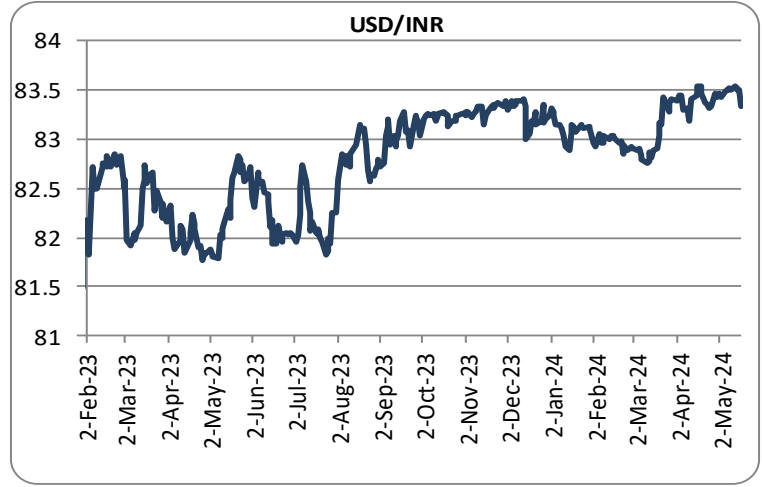
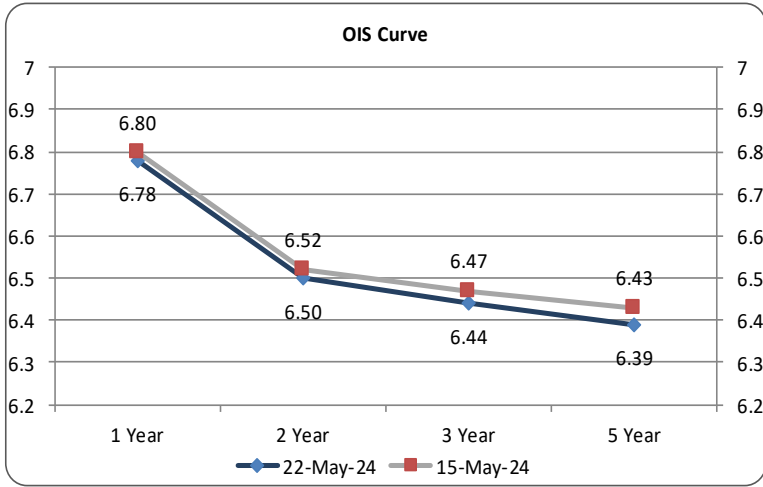
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
22-May-24	2411	1687	724

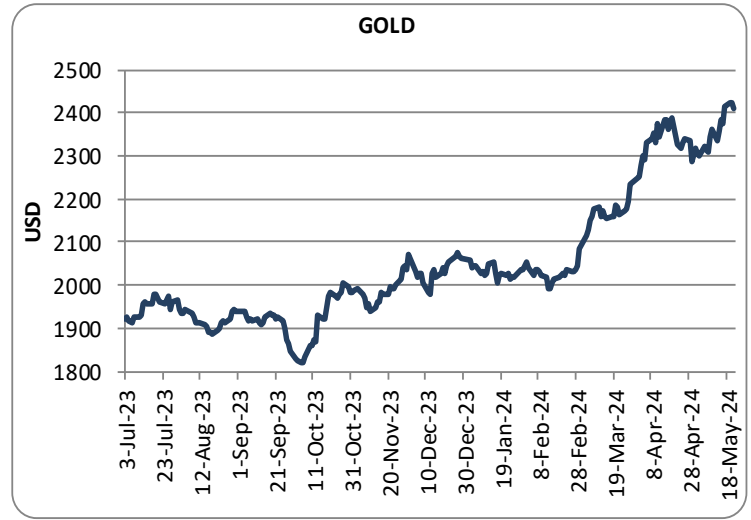
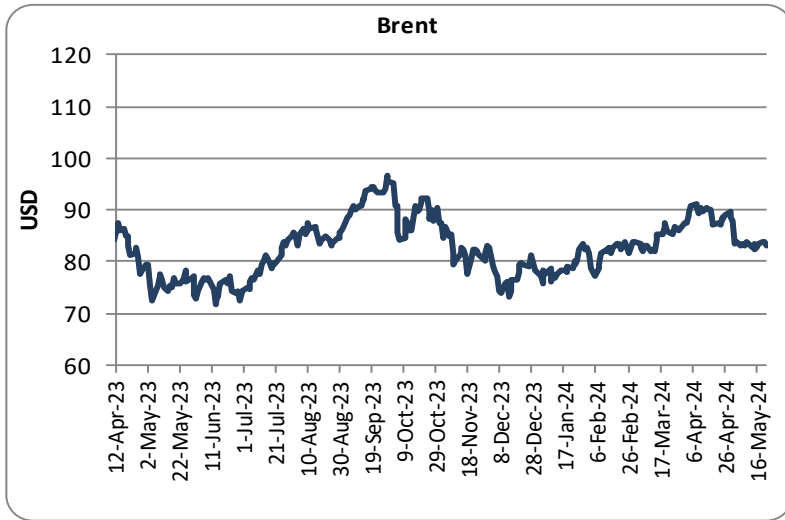
EQUITY		
Gross Purchase	Gross Sales	Net Investment
17870	19748	-1877

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
20282	21435	-1153

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-23	8.4	8.1
CAD (\$ Bn)	Dec-23	-10.5	-11.4
Trade Deficit (\$ Bn)	Dec-23	-71.6	-61.0
WPI (%)	Apr-24	1.3	0.5
CPI (%)	Apr-24	4.8	4.9
IIP (%)	Mar-24	4.9	5.6
PMI Manufacturing	Apr-24	58.8	59.1
PMI Service	Apr-24	60.8	61.2

Economic Calender	Country	Date	Poll	Prior
Industrial Production	Euro Zone	15-May-24	-1.2	-6.4
CPI	USA	15-May-24	3.40	3.50
Unemployment rate	Australia	16-May-24	3.70	3.10
Retail Sales	China	17-May-24	-	(4.76)
CPI	Canada	21-May-24	-	2.90
CPI	Japan	24-May-24	-	2.60
Retail Sales	UK	24-May-24	-	0.80
CPI	Australia	29-May-24	-	3.80





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

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