



BONDWATCH

Daily

September 22, 2023

INDIA

Indian government bond yields ended marginally higher on Friday, as traders booked profits from a fall triggered by the inclusion of Indian bonds in JPMorgan's widely-tracked emerging market debt index.

The 10-year 7.18% 2033 bond yield ended at 7.1570%, compared Thursday's close of 7.1443%. The yield had dropped to 7.0717% earlier, its lowest in two months. For the week, the yield was largely unchanged.

The inclusion will begin on June 28, 2024 and extend over 10 months with 1% increments on its index weighting, JPMorgan said, adding that India is expected to reach the maximum weighting of 10%.

The move could boost demand for debt and push India's benchmark 10-year bond yield to sub 7% levels in the coming months.

The FTSE Russell, which has India on its watch list for inclusion in the FTSE Emerging Markets Government Bond Index, will announce a decision on Sept. 28.

Meanwhile, the 10-year U.S. yield hit 4.50% for the first time in over 16 years on worries over higher-for-longer interest rates.

Oil prices rose on Friday as renewed global supply concerns from Russia's fuel export ban counteracted demand fears driven by macroeconomic headwinds and high interest rates.

The Indian rupee strengthened 0.19% versus the U.S. dollar, and quoted at 82.93 per dollar, after JPMorgan said it will include the country's government bonds in its emerging market bond index, which is likely to lead to billions of dollars in inflows.

Repo: The weighted average call rates in the interbank segment decreased to 6.77% vs 6.75% 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

- 726 2033 opened 7.5bps better @7.09 levels on account of bond inclusion news but go given 10 bps over the course of the closing @7.19 levels.
- Selling was seen in 8 to 10-year G-sec by insurance companies and foreign banks as the market rallied.

Corporate Bonds

- Yields started lower tracking G-sec and bond inclusion news but were back at yesterday's levels by the day end.
- Mutual funds were active in the 2025-26 segment and insurance companies in the longer end.

CP/CD

- Activity was seen throughout all segments.

GOI Yield	22-Sep	21-Sep	15-Sep	25-Aug
1 Year	7.070	7.068	7.040	7.020
5 Year	7.182	7.153	7.168	7.208
10 Year	7.188	7.166	7.799	7.204

AAA Bmk	22-Sep	21-Sep	15-Sep	25-Aug
1 Year	7.52	7.55	7.53	7.45
5 Year	7.67	7.64	7.64	7.68
10 Year	7.63	7.62	7.62	7.65

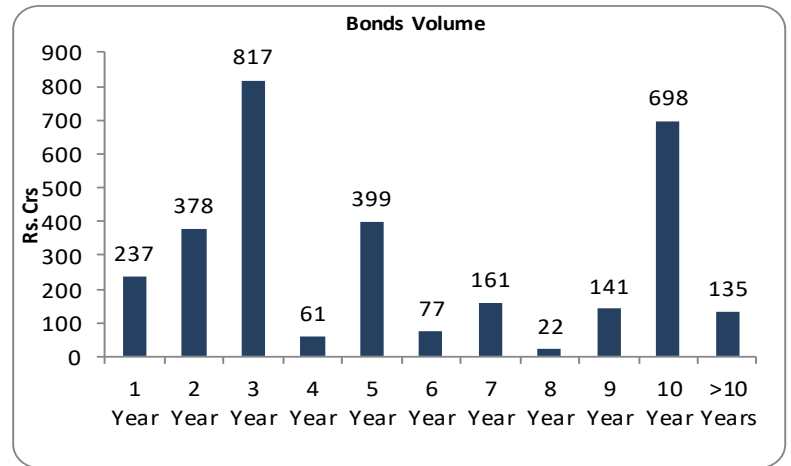
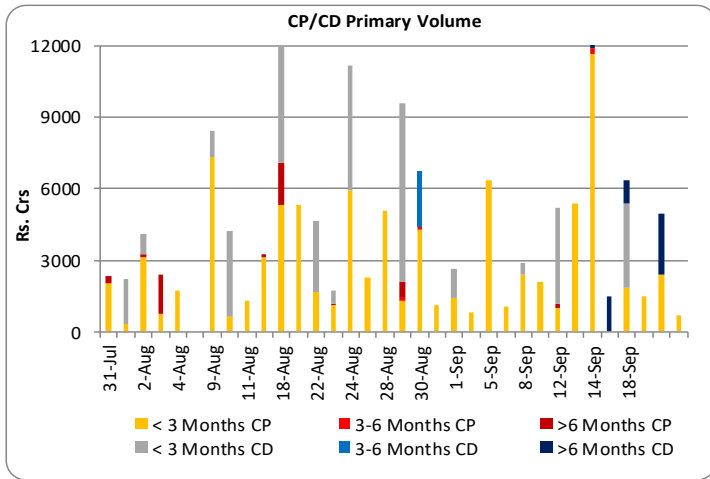
CD	22-Sep	21-Sep	15-Sep	25-Aug
3 Month	7.03	7.10	7.10	7.03
6 Month	7.25	7.25	7.25	7.25
1 Year	7.50	7.55	7.55	7.50

CP	22-Sep	21-Sep	15-Sep	25-Aug
3 Month	7.13	7.20	7.20	7.15
6 Month	7.35	7.35	7.35	7.35
1 Year	7.65	7.65	7.65	7.60

OIS Rate	22-Sep	21-Sep	15-Sep	25-Aug
1 Year	7.08	7.09	7.05	7.01
2 Year	6.81	6.85	6.84	6.72
3 Year	6.77	6.82	6.79	6.67
5 Year	6.73	6.79	6.73	6.64

	22-Sep	21-Sep	15-Sep	25-Aug
Sensex	66,009	66,230	67,839	64,887
Nifty	19,674	19,742	20,192	19,266
USD/INR	82.93	83.09	83.19	82.65
Gold (USD)	1,925	1,920	1,924	1,915
Oil (USD)	94.05	93.30	93.93	84.48

NDF	22-Sep	21-Sep	15-Sep	25-Aug
3 Month	83.28	83.46	83.36	82.87
1 Year	84.45	84.61	84.53	83.89
2 Year	86.45	86.71	86.75	86.00
3 Year	89.29	89.51	89.55	88.65



10 Year Benchmarks	22-Sep	21-Sep	15-Sep	25-Aug
India	7.16	7.14	7.16	7.21
US	4.48	4.48	4.32	4.24
South Korea	4.02	4.03	3.93	3.93
Russia	12.60	12.60	12.49	11.96
Brazil	11.40	11.40	11.27	11.10
Germany	2.75	2.75	2.67	2.56
China	2.69	2.68	2.67	2.57

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	24,345	7.20	7.17	7.18	7.15
7.06 2028	3,825	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	1,555	7.35	7.33	7.33	7.36
6.64 2035	1,365	7.17	7.16	7.22	7.24
7.40 2035	105	7.20	7.18	7.24	7.23

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
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

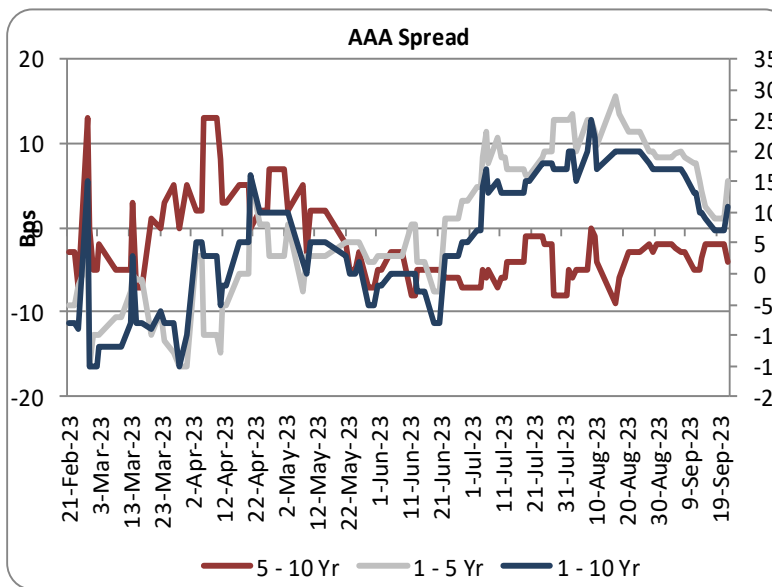
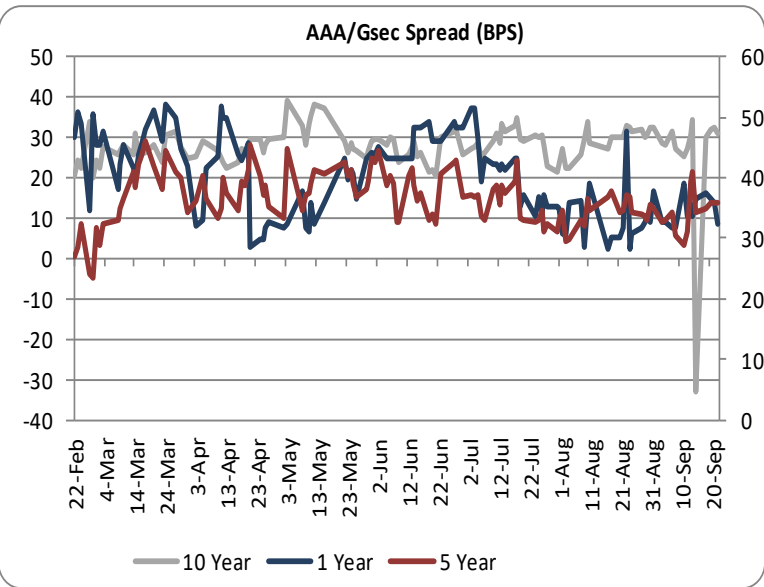
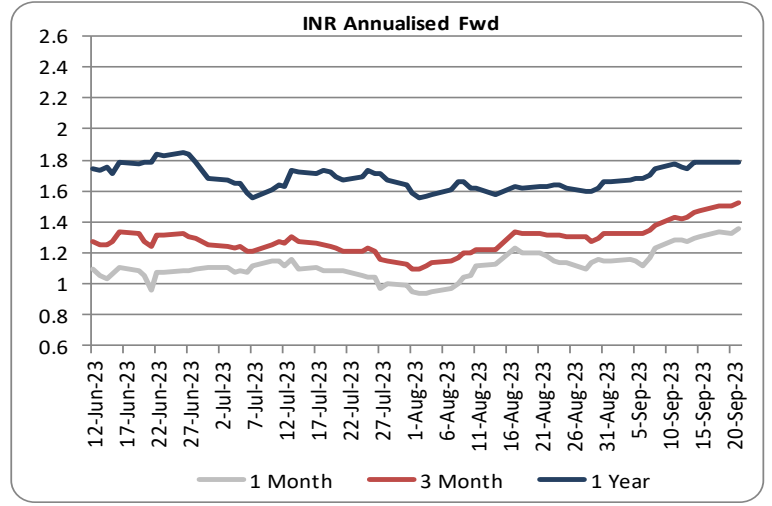
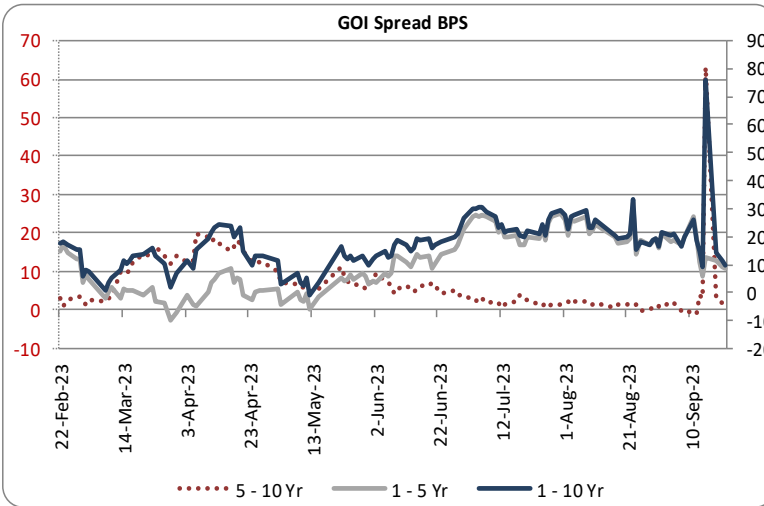
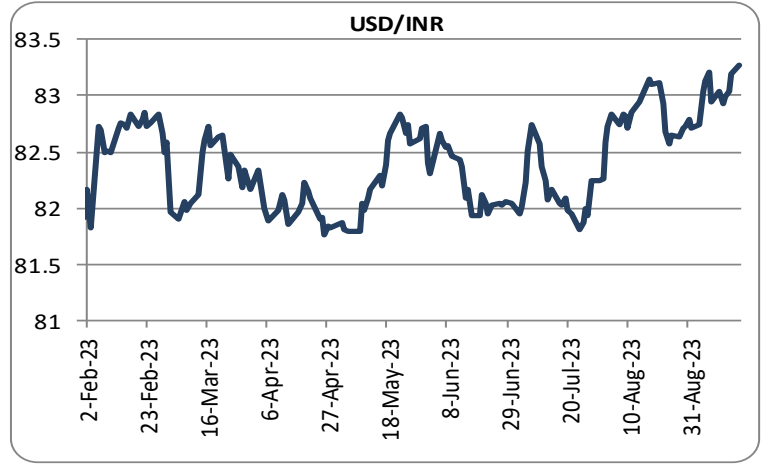
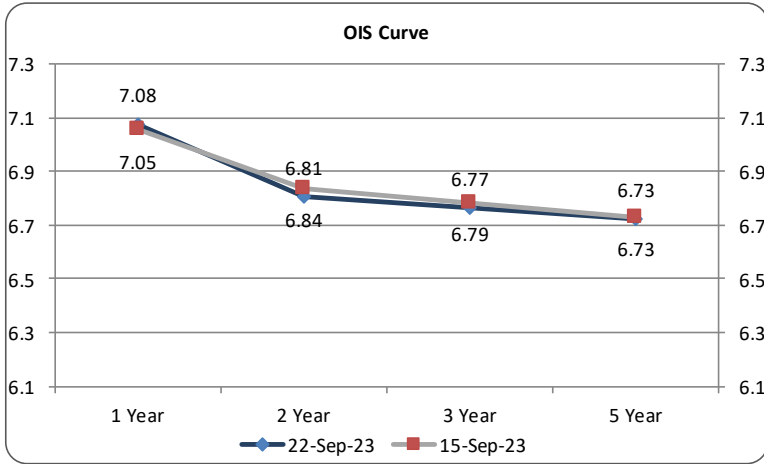
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
22-Sep-23	428	676	-248

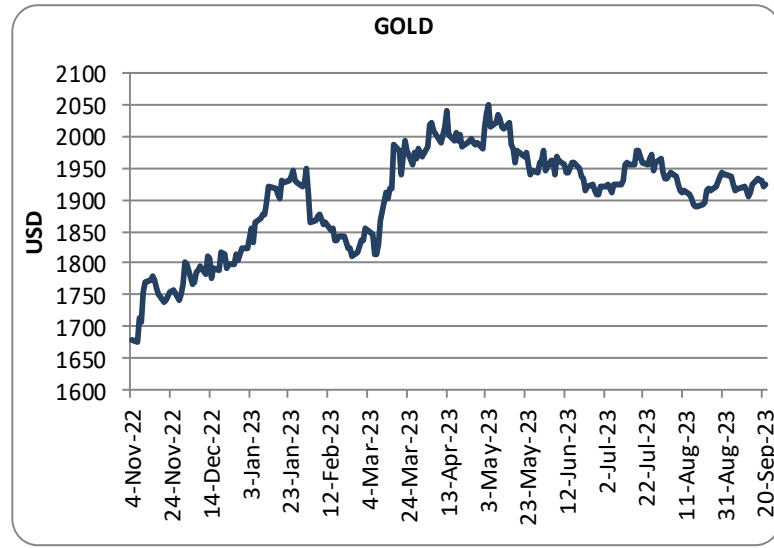
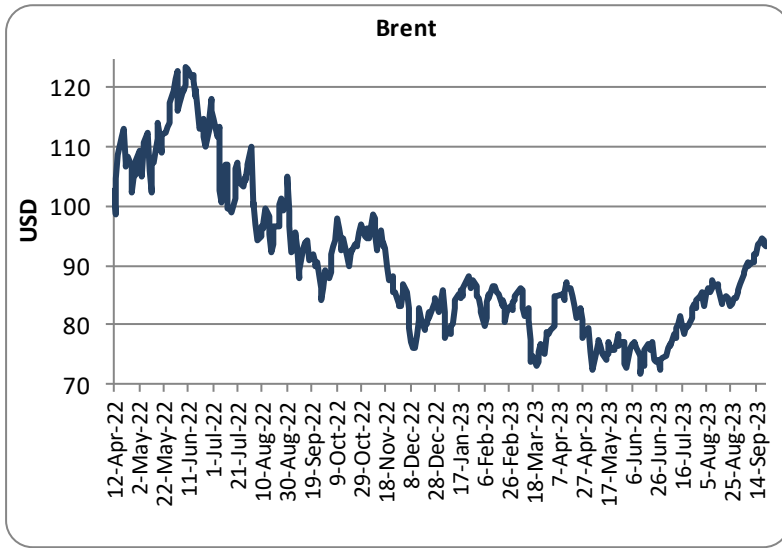
EQUITY	Gross Purchase	Gross Sales	Net Investment
	10023	11898	-1875

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
10451	12575	-2124

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
CPI	Japan	22-Sep-23	0	3.3
Retail Sales	UK	22-Sep-23	(1.20)	(3.20)
BOJ Rate Decision	Japan	22-Sep-23	(0.10)	(0.10)
CPI	Germany	28-Sep-23	-	6.10
Unemployment Rate	Japan	29-Sep-23	-	2.70
Unemployment Rate	Euro Zone	02-Oct-23	-	6.40
Inflation	Indonesia	2nd - 6th Oct	-	3.27
Unemployment rate	Canada	2rd - 9th Oct	-	5.50





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/>