



BONDWATCH

INDIA

Daily

June 20, 2023

Indian government bond yields dipped on Friday, with the benchmark bond yield ending below its technical level after stronger-than-expected demand at debt sale triggered short covering, while a slide in U.S yields also aided.

Yields, however, ended higher for the week following hawkish commentary from global central banks.

The benchmark 7.26% 2033 bond yield ended at 7.0726%, after closing at 7.0871% in the previous session. For the week, the yield rose three basis points. The benchmark bond yield is expected to trade in 7.05%-7.10% for the rest of the month.

RBI released the minutes for the monetary policy held in June and members of India's six-member monetary policy committee (MPC) appeared increasingly divergent in their views on the future course of rate hikes, but all three internal members reiterated the pause was only for June.

A narrower interest rate differential with the U.S. is unlikely to prompt the MPC to raise rates, but a rebound in inflation certainly could.

The RBI kept its key lending rate steady for a second straight meeting on June 8, but signaled monetary conditions will remain tight as it looks to attain the 4% inflation target.

Comments from Federal Reserve Chair Jerome Powell suggesting rates could go higher continued to hurt. Last week, the Fed kept rates unchanged but warned of a 50-bps hike in 2023.

The Indian rupee weakened 0.11% versus the U.S. dollar, and quoted at 82.03 per dollar, in line with Asian peers.

Repo: The weighted average call rates in the interbank segment increased to 6.56% vs 6.40% as on the previous day while that the TREP segment decreased to 6.64% vs 6.28% as on the previous day.

| GOI Yield | 23-Jun | 21-Jun | 16-Jun | 23-May |
|-----------|--------|--------|--------|--------|
| 1 Year | 6.890 | 6.900 | 6.850 | 6.885 |
| 5 Year | 7.029 | 7.003 | 6.974 | 6.926 |
| 10 Year | 7.073 | 7.068 | 7.035 | 7.014 |

| AAA Bmk | 23-Jun | 21-Jun | 16-Jun | 23-May |
|---------|--------|--------|--------|--------|
| 1 Year | 7.47 | 7.48 | 7.45 | 7.40 |
| 5 Year | 7.56 | 7.45 | 7.47 | 7.45 |
| 10 Year | 7.50 | 7.40 | 7.42 | 7.40 |

| CD | 23-Jun | 21-Jun | 16-Jun | 23-May |
|---------|--------|--------|--------|--------|
| 3 Month | 6.90 | 6.90 | 6.98 | 6.90 |
| 6 Month | 7.12 | 7.12 | 7.20 | 7.20 |
| 1 Year | 7.45 | 7.45 | 7.40 | 7.45 |

| CP | 23-Jun | 21-Jun | 16-Jun | 23-May |
|---------|--------|--------|--------|--------|
| 3 Month | 7.00 | 7.00 | 7.00 | 7.00 |
| 6 Month | 7.25 | 7.25 | 7.20 | 7.30 |
| 1 Year | 7.52 | 7.52 | 7.50 | 7.55 |

| OIS Rate | 23-Jun | 21-Jun | 16-Jun | 23-May |
|----------|--------|--------|--------|--------|
| 1 Year | 6.70 | 6.68 | 6.66 | 6.55 |
| 2 Year | 6.41 | 6.38 | 6.34 | 6.21 |
| 3 Year | 6.32 | 6.29 | 6.23 | 6.08 |
| 5 Year | 6.27 | 6.21 | 6.15 | 6.02 |

| | 23-Jun | 21-Jun | 16-Jun | 23-May |
|------------|--------|--------|--------|--------|
| Sensex | 62,979 | 63,523 | 63,385 | 61,982 |
| Nifty | 18,666 | 18,857 | 18,826 | 18,348 |
| USD/INR | 82.04 | 82.04 | 81.93 | 82.80 |
| Gold (USD) | 1,919 | 1,932 | 1,957 | 1,975 |
| Oil (USD) | 73.38 | 77.12 | 76.61 | 76.84 |

| NDF | 23-Jun | 21-Jun | 16-Jun | 23-May |
|---------|--------|--------|--------|--------|
| 3 Month | 82.24 | 82.18 | 82.19 | 83.22 |
| 1 Year | 83.42 | 83.25 | 83.30 | 84.51 |
| 2 Year | 85.50 | 85.38 | 85.33 | 86.76 |
| 3 Year | 88.49 | 88.03 | 87.98 | 89.61 |

Market Observations

G-sec

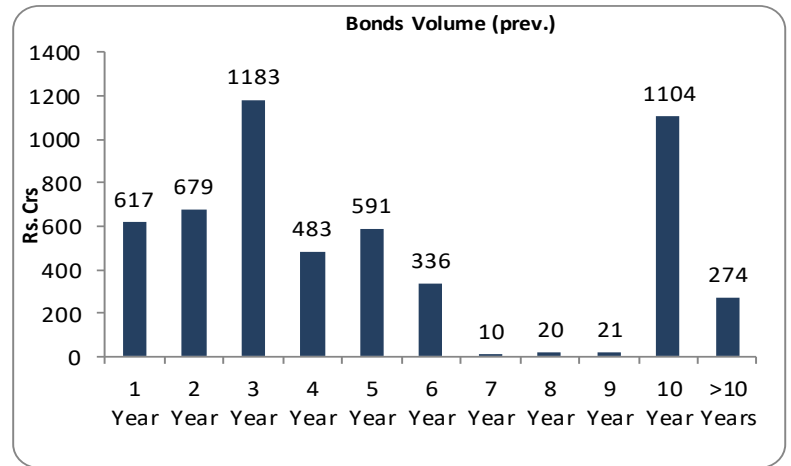
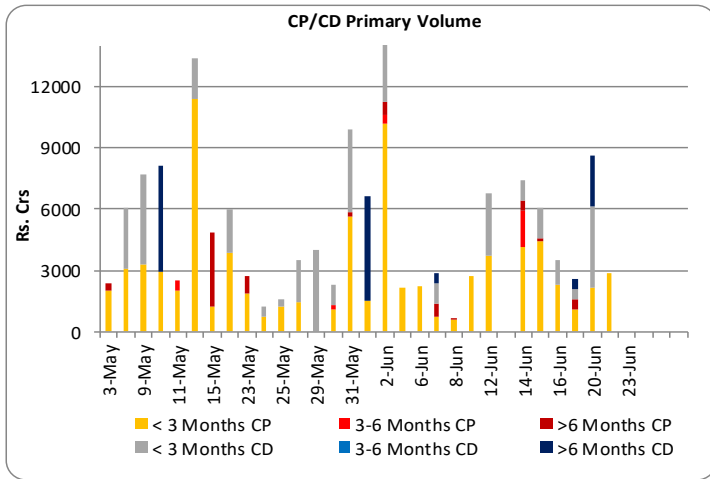
- T-Bills were actively traded by Mutual Funds across all segments.
- G-sec cut off was in line with the market expectations.

Corporate Bonds

- Mutual funds and insurances were active in 2025-26 segment.
- Pension funds and insurance companies were buying in the longer end.

CP/CD

- Demand was seen in the 3-month segment.



| 10 Year Benchmarks | 23-Jun | 21-Jun | 16-Jun | 23-May |
|--------------------|--------|--------|--------|--------|
| India | 7.07 | 7.07 | 7.03 | 7.02 |
| US | 3.74 | 3.72 | 3.77 | 3.70 |
| South Korea | 3.66 | 3.62 | 3.66 | 3.47 |
| Russia | 11.02 | 11.01 | 10.95 | 10.72 |
| Brazil | 11.14 | 11.06 | 11.22 | 11.89 |
| Germany | 2.36 | 2.43 | 2.46 | 2.46 |
| China | 2.71 | 2.71 | 2.70 | 2.70 |

| Top Traded Securities | Volume | 23-Jun | 21-Jun | 16-Jun | 23-May |
|-----------------------|---------|--------|--------|--------|--------|
| 5.74 2026 | 310 | #N/A | #N/A | 6.96 | 6.89 |
| 7.38 2027 | - | 7.03 | 7.00 | 6.97 | 6.93 |
| 7.10 2029 | - | 7.07 | 7.04 | 7.02 | 6.99 |
| 6.54 2032 | - | 7.12 | 7.11 | 7.09 | 7.06 |
| 7.26 2032 | #VALUE! | 7.11 | 7.10 | 7.07 | 7.05 |
| 7.54 2036 | - | 7.19 | 7.18 | 7.16 | 7.10 |

| DEBT | | | |
|-----------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| MF | | | |
| 21-Jun-23 | 5592 | 4927 | 665 |

| EQUITY | | | |
|--------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 8528 | 5813 | 2715 |

| TOTAL (Rs.Crs) | | | |
|----------------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 14120 | 10739 | 3381 |

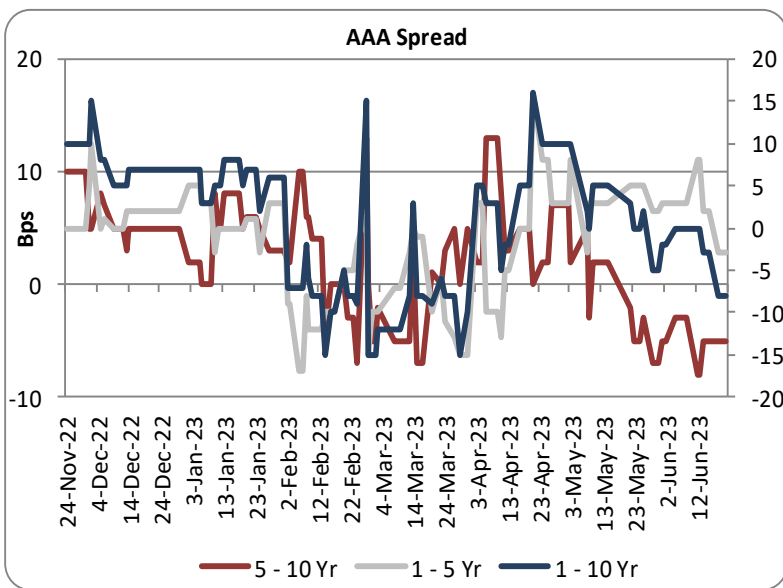
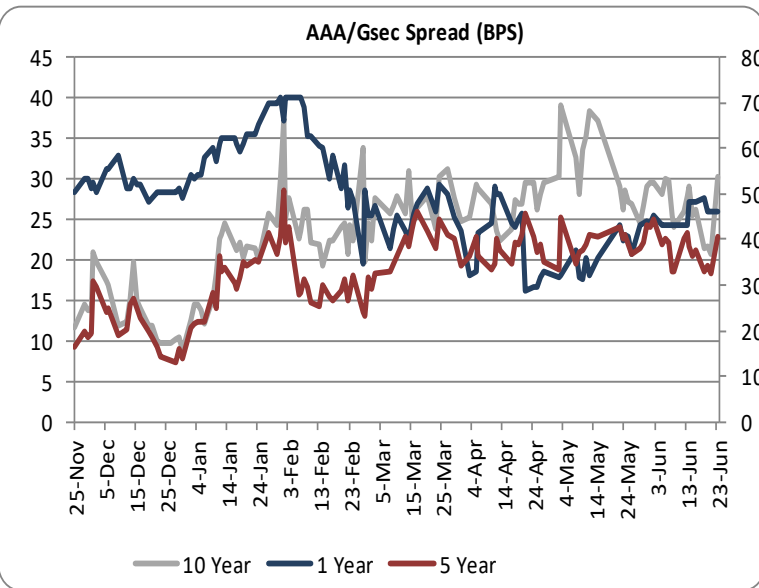
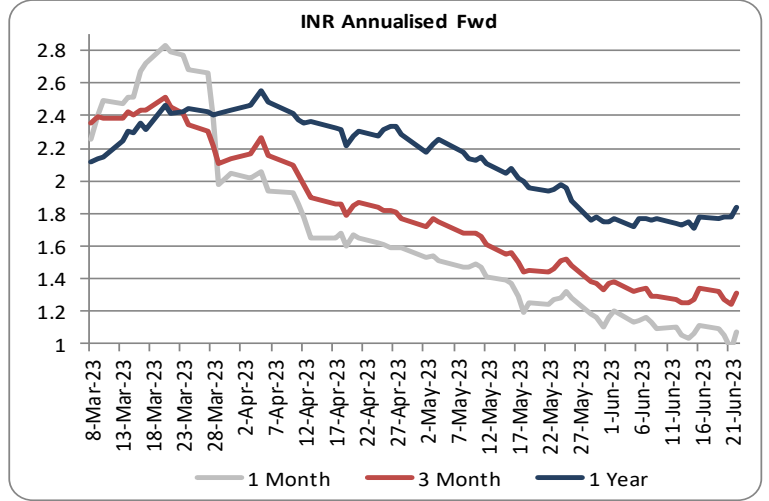
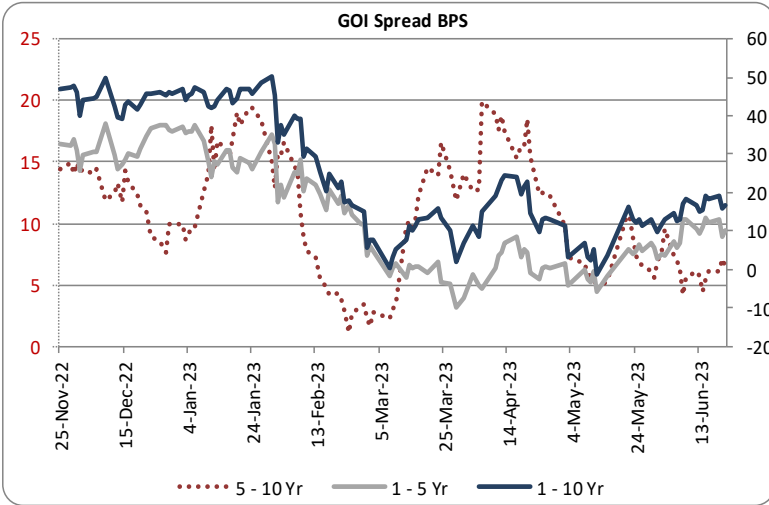
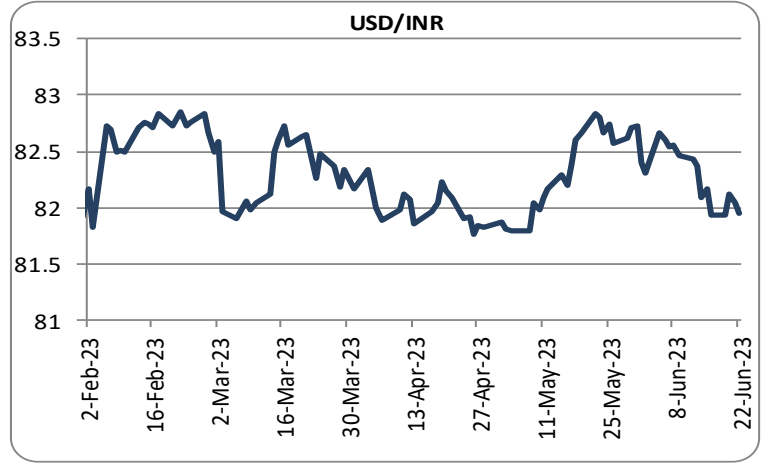
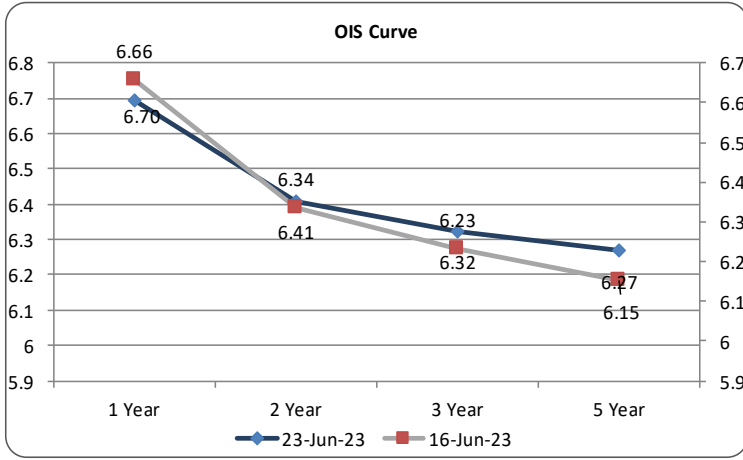
| DEBT | | | |
|------------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| FII | | | |
| 23-Jun-23 | 238 | 3693 | -3455 |

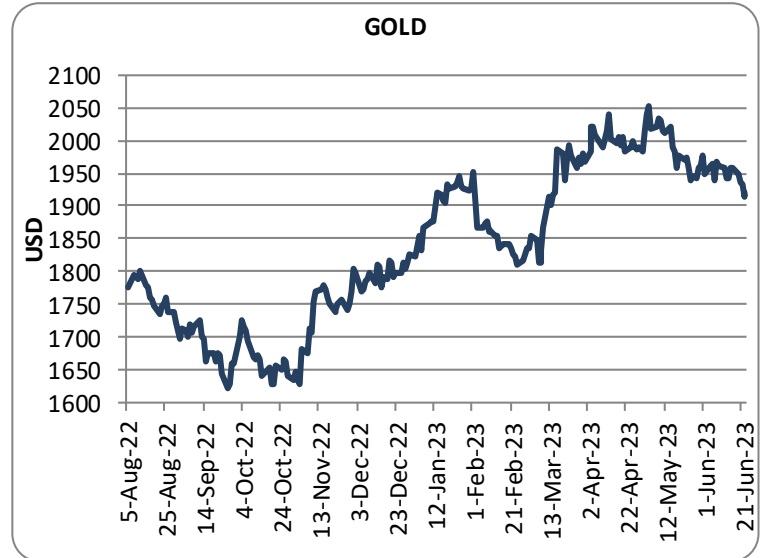
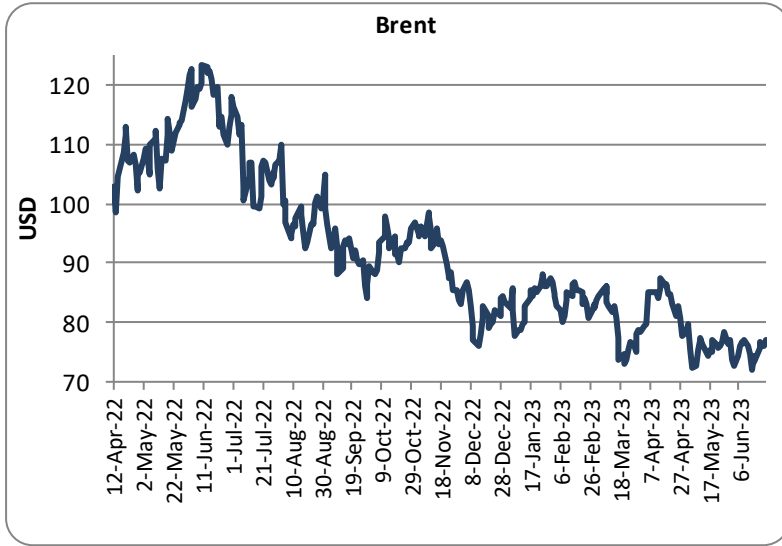
| EQUITY | | | |
|--------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 9785 | 8839 | 946 |

| TOTAL (Rs. Crs) | | | |
|-----------------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 10023 | 12532 | -2509 |

| INDICATORS | PERIOD | ACTUAL | PRIOR |
|-----------------------|--------|--------|-------|
| GDP Quaterly (%) | Mar-23 | 6.1 | 4.4 |
| CAD (\$ Bn) | Dec-22 | -18.2 | -30.9 |
| Trade Deficit (\$ Bn) | Dec-22 | -72.7 | -78.3 |
| WPI (%) | May-23 | -3.5 | -0.9 |
| CPI (%) | May-23 | 4.3 | 4.7 |
| IIP (%) | Apr-23 | 4.2 | 1.1 |
| PMI Manufacturing | May-23 | 58.7 | 57.2 |
| PMI Service | May-23 | 61.2 | 62 |

| Economic Calender | Country | Date | Poll | Prior |
|-------------------|-------------|-----------|--------|--------|
| CPI | UK | 21-Jun-23 | 8.5 | 8.7 |
| Bank Rate | UK | 22-Jun-23 | 4.75 | 4.50 |
| CPI | Japan | 23-Jun-23 | - | 3.50 |
| Retail Sales | UK | 23-Jun-23 | (2.30) | (3.00) |
| Retail Sales | Japan | 29-Jun-23 | - | 5.10 |
| GDP Q1 | USA | 29-Jun-23 | 1.30 | 1.30 |
| Industrial Output | South Korea | 30-Jun-23 | - | (8.90) |
| CPI | Japan | 30-Jun-23 | - | 3.20 |





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

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