



# BONDWATCH

Daily

May 23, 2023

INDIA

Indian government bond yields tracked a rise in U.S. yields to end higher on Tuesday, following a dip in the previous session after the central bank's note withdrawal plan.

The 10-year benchmark 7.26% 2033 bond yield ended at 7.0144%, after closing at 6.9864% in the previous session.

U.S. yields rose on Monday, with the 10-year yield posting a seventh consecutive rise, as investors awaited the outcome of debt ceiling talks, while Federal Reserve officials continued to deliver hawkish comments.

Indian bond yields have been trending lower in May as local retail inflation eased, while bets of higher dividend transfer from the Reserve Bank of India and hopes of improving liquidity after RBI's currency withdrawal move further aided sentiment.

India's annual retail inflation eased to 4.7% in April from 5.66% the previous month and the RBI said that the inflation momentum is turning out to be softer than anticipated.

Gold prices extended losses on Tuesday, pressured as the U.S. dollar and Treasury yields strengthened on rising bets for higher interest rates, while markets awaited to see if lawmakers could avoid a debt ceiling default.

The Indian rupee strengthened 0.03% versus the U.S. dollar, and quoted at 82.81 per dollar, when investors evaluated hawkish comments from U.S. Federal Reserve officials and progress in the debt ceiling talks.

Repo: The weighted average call rates in the interbank segment remained the same at 6.37% vs 6.37% as on the previous day while that the TREP segment decreased to 6.31% vs 6.33% as on the previous day.

GOI Yield	23-May	22-May	15-May	25-Apr
1 Year	6.885	6.823	6.970	7.000
5 Year	6.926	6.876	6.953	7.004
10 Year	7.014	6.986	7.006	7.130

AAA Bmk	23-May	22-May	15-May	25-Apr
1 Year	7.40	7.37	7.45	7.42
5 Year	7.45	7.42	7.48	7.50
10 Year	7.40	7.40	7.50	7.52

CD	23-May	22-May	15-May	25-Apr
3 Month	6.90	6.85	7.15	7.10
6 Month	7.20	7.13	7.35	7.30
1 Year	7.45	7.30	7.50	7.45

CP	23-May	22-May	15-May	25-Apr
3 Month	7.00	6.90	7.25	7.18
6 Month	7.30	7.25	7.45	7.40
1 Year	7.55	7.40	7.60	7.55

OIS Rate	23-May	22-May	15-May	25-Apr
1 Year	6.55	6.50	6.58	6.56
2 Year	6.21	6.12	6.21	6.16
3 Year	6.08	5.99	6.06	6.02
5 Year	6.02	5.94	6.02	6.02

	23-May	22-May	15-May	25-Apr
Sensex	61,982	61,964	62,346	60,131
Nifty	18,348	18,314	18,399	17,769
USD/INR	82.80	82.83	82.30	81.91
Gold (USD)	1,959	1,969	2,021	1,998
Oil (USD)	76.66	75.99	75.23	80.77

NDF	23-May	22-May	15-May	25-Apr
3 Month	83.16	83.14	82.58	82.38
1 Year	84.40	84.40	83.99	83.84
2 Year	86.64	86.66	86.34	85.98
3 Year	89.96	89.51	89.24	88.95

## Market Observations

### G-sec

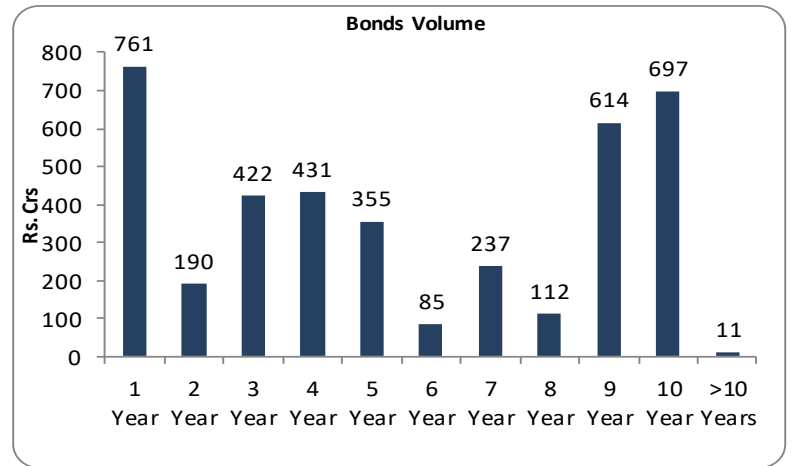
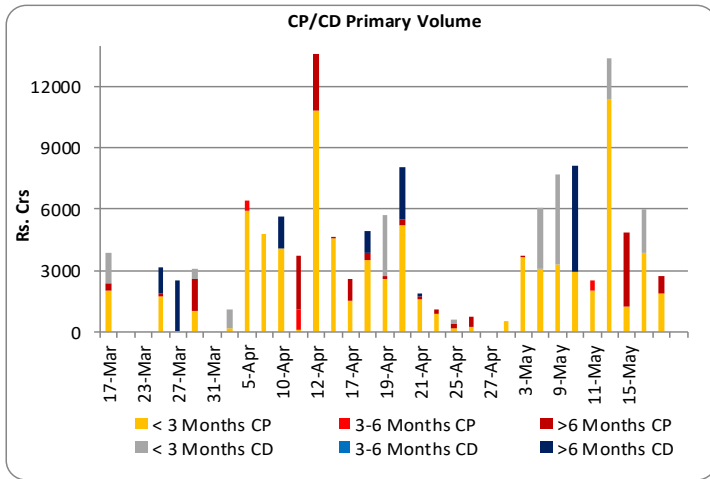
- Supply was seen in 2025 and 2026 maturity SDLs. Major sellers were Mutual Funds and PD's.
- Demand was seen in March t-bills at 6.90 levels which got given by 7-8 bps compared to yesterday's levels.
- SDL cut off was in line with market expectation and 9-year Maharashtra was traded size @7.34 levels.

### Corporate Bonds

- 2025-26 segment was active with Mutual Funds being the major players.
- Insurance companies were active in the 10-year segment.

### CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	23-May	22-May	15-May	25-Apr
India	7.02	6.99	7.00	7.11
US	3.75	3.72	3.51	3.40
South Korea	3.47	3.40	3.33	3.32
Russia	10.72	10.70	10.68	10.58
Brazil	11.98	11.91	11.93	12.44
Germany	2.49	2.45	2.31	2.38
China	2.70	2.72	2.73	2.82

Top Traded Securities	Volume	23-May	22-May	15-May	25-Apr
5.74 2026	430	6.89	6.84	6.92	6.96
7.38 2027	5	6.93	6.88	6.95	7.00
7.10 2029	-	6.99	6.95	7.01	7.07
6.54 2032	30	7.06	7.04	7.07	7.18
7.26 2032	#VALUE!	7.05	7.02	7.06	7.16
7.54 2036	25	7.10	7.09	7.10	7.24

	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

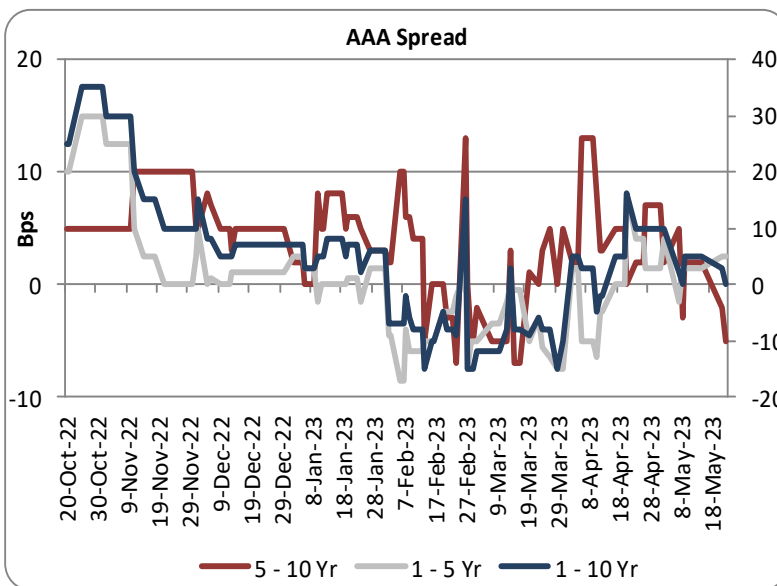
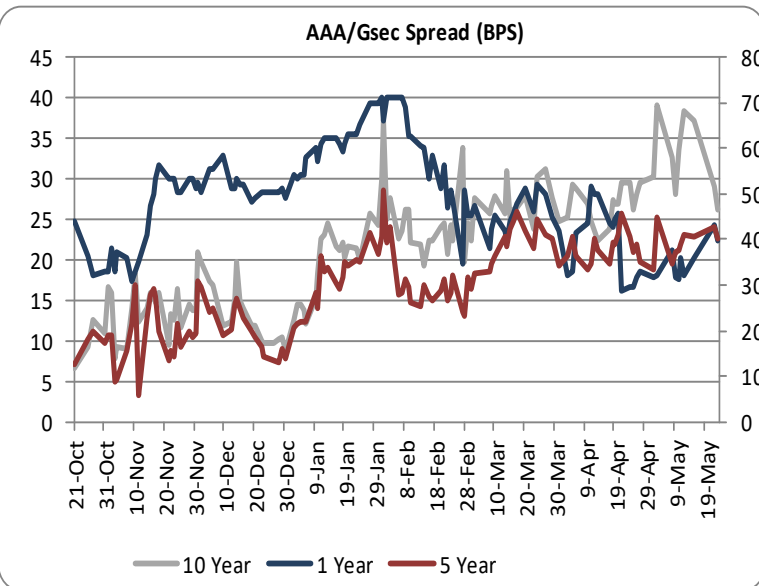
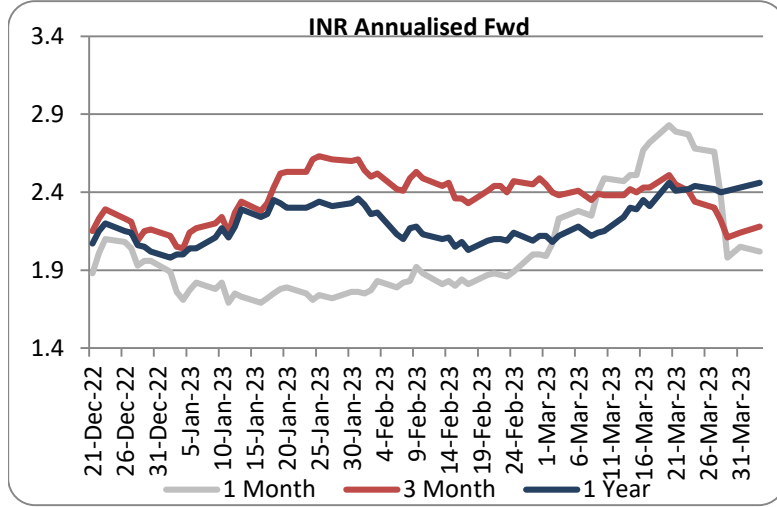
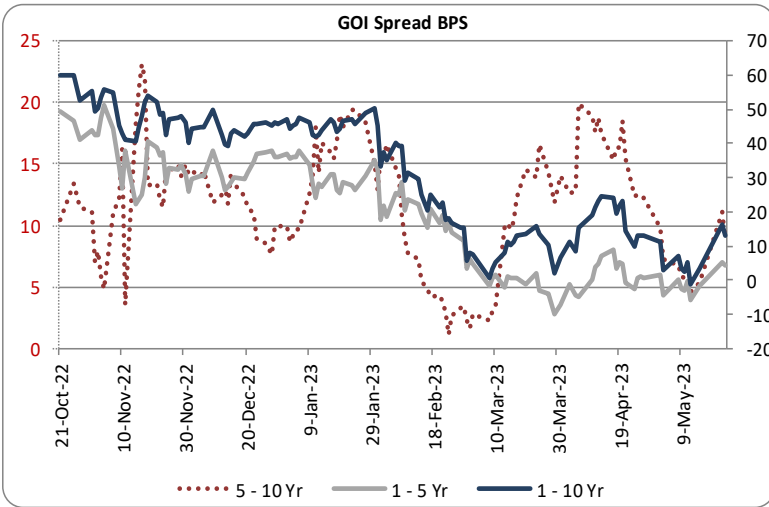
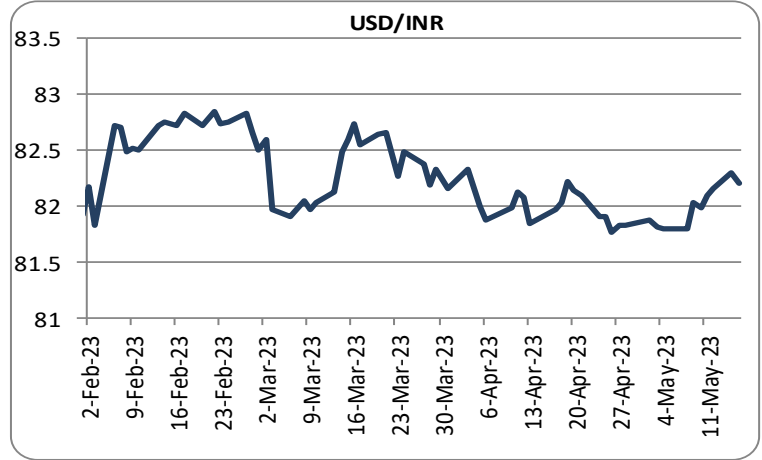
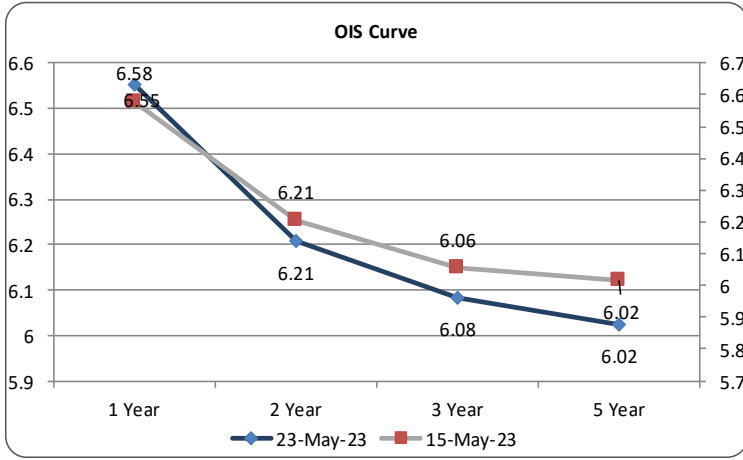
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
23-May-23	504	237	267

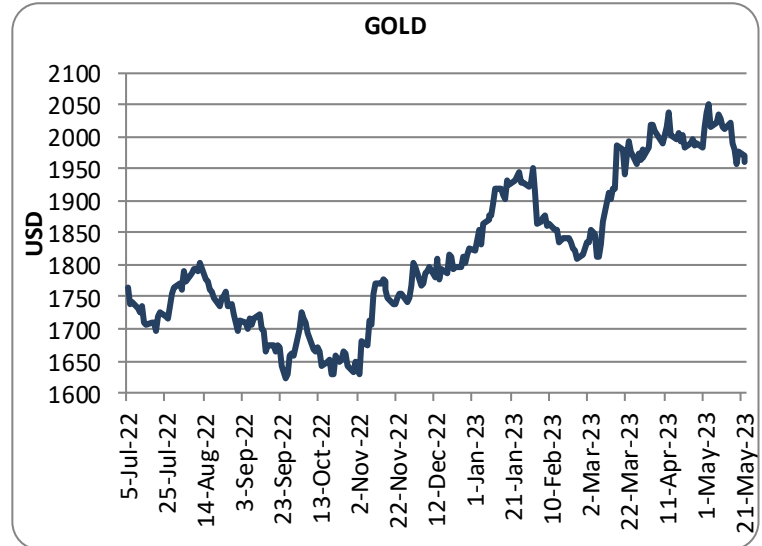
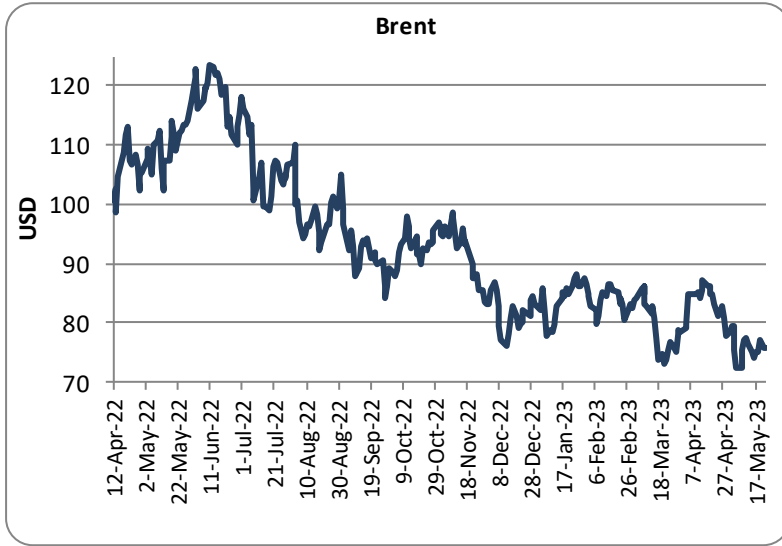
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	6960	5671	1290

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	7464	5908	1556

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
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Unemployment Rate	Japan	30-May-23	-	2.80
GDP YY	Switzerland	30-May-23	-	0.80
CPI	Germany	31-May-23	-	7.20
Unemployment Rate	Euro Zone	01-Jun-23	-	6.50
Unemployment Rate	USA	02-Jun-23	3.50	3.40
Retail Sales	Euro Zone	06-Jun-23	-	(3.80)
CPI	UK	24-May-23	-	10.10





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

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