



# BONDWATCH

Daily

October 23, 2023

INDIA

Indian government bond yields ended higher on Monday, tracking their U.S. peers, while the local central bank's commitment to meet its inflation target on a sustained basis further fueled worries that monetary conditions would stay tight for a while.

The 10-year benchmark bond yield closed at 7.3769%, after ending at 7.3626% in the previous session.

Market participants continue to believe that RBI monetary policy committee will stay on prolonged pause and focus on keeping monetary conditions tight. Any monetary easing is likely in back half of next calendar year.

The RBI's rate-setting panel will remain focused on aligning inflation to its target of 4%, and only after it achieves that on a sustained basis will its attention shift to the objective of growth, the minutes of its latest meeting showed.

The 10-year U.S. crossed the 5% mark to hit its highest level in over 16 years in Asian hours, as investors remain worried about higher-for-longer U.S. rates.

The benchmark Brent crude contract stayed above the critical \$90-per-barrel mark amid supply concerns due to the ongoing conflict in the Middle East.

The Indian rupee weakened 0.08% versus the U.S. dollar, and quoted at 83.19 per dollar, tracking a decline across Asian currencies, while forward premiums fell ahead of the central bank's \$5 billion swap maturity.

Repo: The weighted average call rates in the interbank segment increased to 6.73% vs 6.19% as on the previous day while that the TREP segment increased to 6.76% vs 6.74% as on the previous day.

GOI Yield	23-Oct	20-Oct	16-Oct	25-Sep
1 Year	7.115	7.128	7.120	7.060
5 Year	7.385	7.369	7.349	7.186
10 Year	7.382	7.363	7.336	7.154

AAA Bmk	23-Oct	20-Oct	16-Oct	25-Sep
1 Year	7.60	7.57	7.53	7.50
5 Year	7.82	7.82	7.77	7.69
10 Year	7.78	7.76	7.73	7.63

CD	23-Oct	20-Oct	16-Oct	25-Sep
3 Month	7.20	7.25	7.15	7.00
6 Month	7.45	7.45	7.45	7.30
1 Year	7.70	7.75	7.70	7.55

CP	23-Oct	20-Oct	16-Oct	25-Sep
3 Month	7.30	7.35	7.15	7.10
6 Month	7.55	7.55	7.55	7.40
1 Year	7.80	7.85	7.80	7.65

OIS Rate	23-Oct	20-Oct	16-Oct	25-Sep
1 Year	7.00	7.00	6.98	7.09
2 Year	6.80	6.78	6.71	6.84
3 Year	6.80	6.77	6.69	6.82
5 Year	6.81	6.76	6.68	6.76

	23-Oct	20-Oct	16-Oct	25-Sep
Sensex	64,572	65,398	66,167	66,024
Nifty	19,282	19,543	19,732	19,675
USD/INR	83.19	83.12	83.28	83.15
Gold (USD)	1,977	1,981	1,919	1,916
Oil (USD)	91.82	92.16	89.65	93.29

NDF	23-Oct	20-Oct	16-Oct	25-Sep
3 Month	83.48	83.55	83.56	83.40
1 Year	84.65	84.63	84.72	84.59
2 Year	86.78	86.66	86.72	86.69
3 Year	89.18	88.96	89.32	89.49

## Market Observations

### G-sec

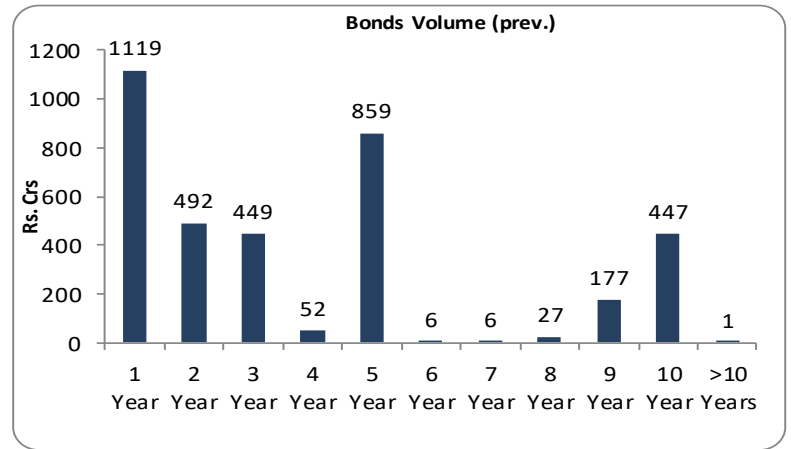
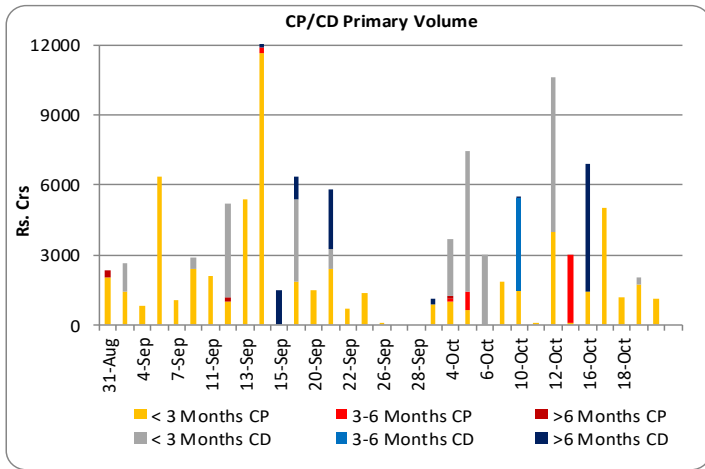
- SDL cut off was in line with market expectation. Selling was seen in 10 and 11yr SDL post cut off with very timid demand.
- Selling was seen in 7-year G-sec by banks and foreign banks above 7.40 levels.

### Corporate Bonds

- Mutual funds and insurance companies were active in the 2026 and 2029 segment.
- Market was subdued and volumes were thin.
- Mutual funds doing switches in the 2026-2028 segment.

### CP/CD

- Activity was seen in the 3-month segments.



10 Year Benchmarks	23-Oct	20-Oct	16-Oct	25-Sep
India	7.38	7.37	7.33	7.15
US	4.99	4.92	4.71	4.54
South Korea	4.37	4.33	4.18	4.01
Russia	12.38	12.35	12.24	12.66
Brazil	11.96	11.96	11.86	11.59
Germany	2.95	2.88	2.78	2.79
China	2.73	2.73	2.70	2.72

Top Traded Securities	Volume	8-Sep	7-Sep	1-Sep	10-Aug
7.26 2033	1,115	7.20	7.17	7.18	7.15
7.06 2028	15	7.26	7.24	7.25	7.30
7.62 2039	-	7.21	7.20	7.19	7.18
7.30 2053	105	#N/A	#N/A	#N/A	7.23
6.64 2035	10	7.17	7.16	7.22	7.24
7.40 2035	235	7.20	7.18	7.24	7.23

DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>MF</b>			
18-Oct-23	6033	5077	956

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	6401	8807	-2405

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	12434	13883	-1449

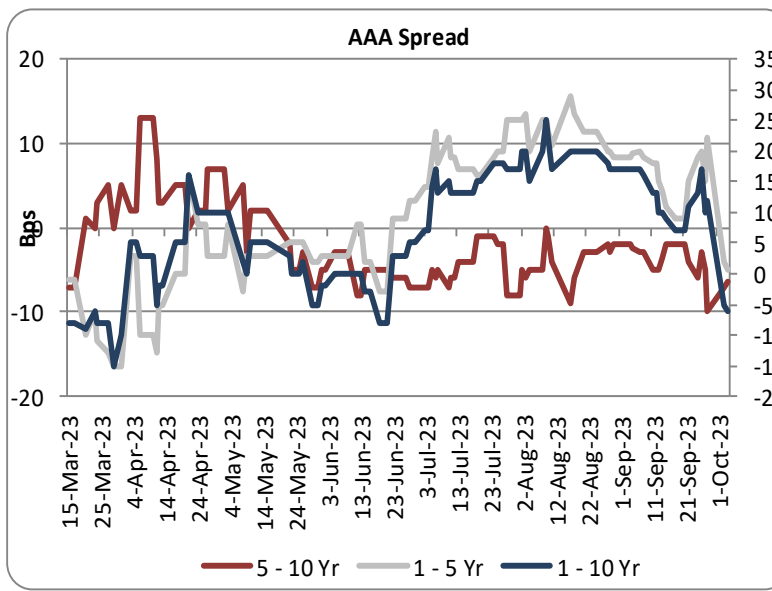
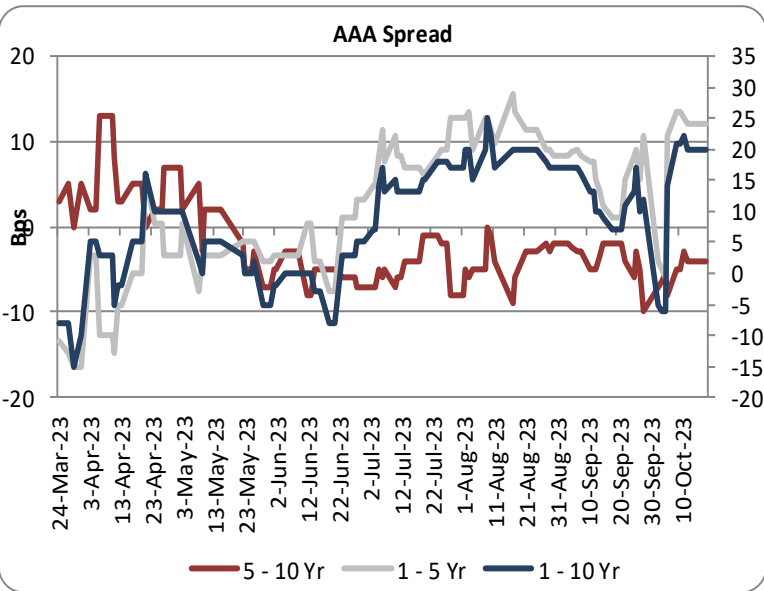
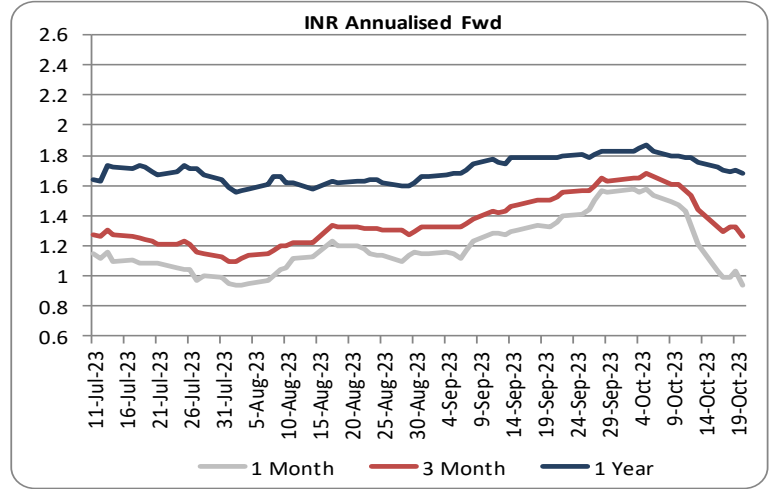
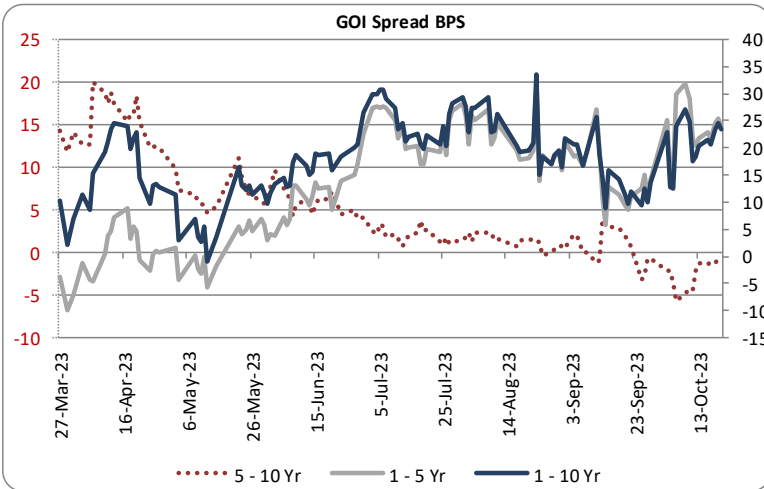
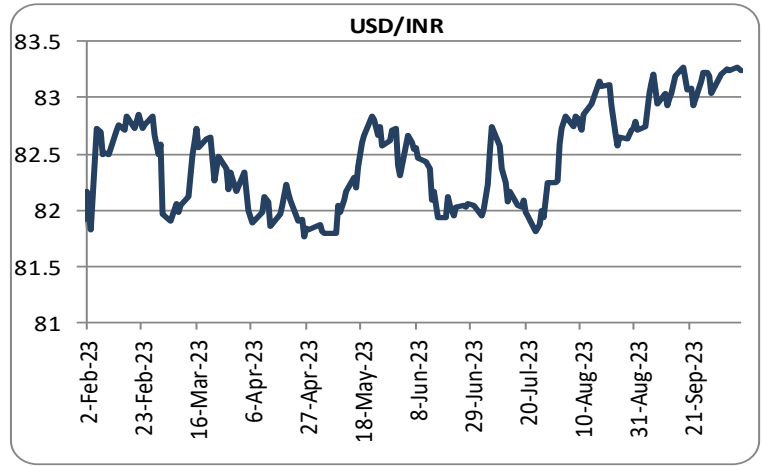
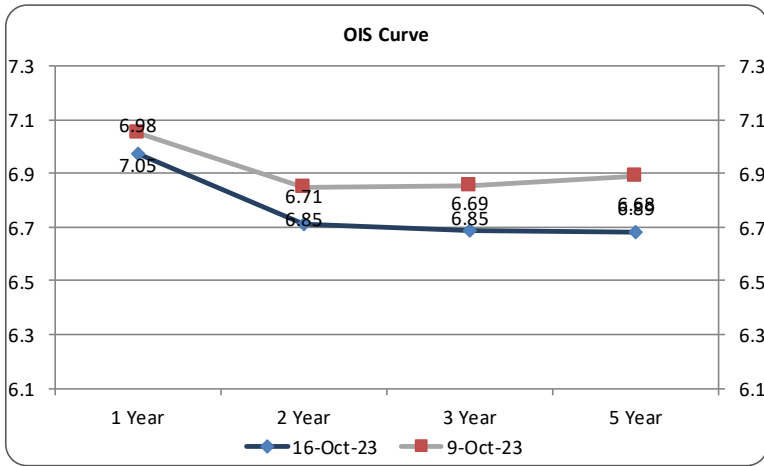
DEBT			
	Gross Purchase	Gross Sales	Net Investment
<b>FII</b>			
23-Oct-23	830	167	663

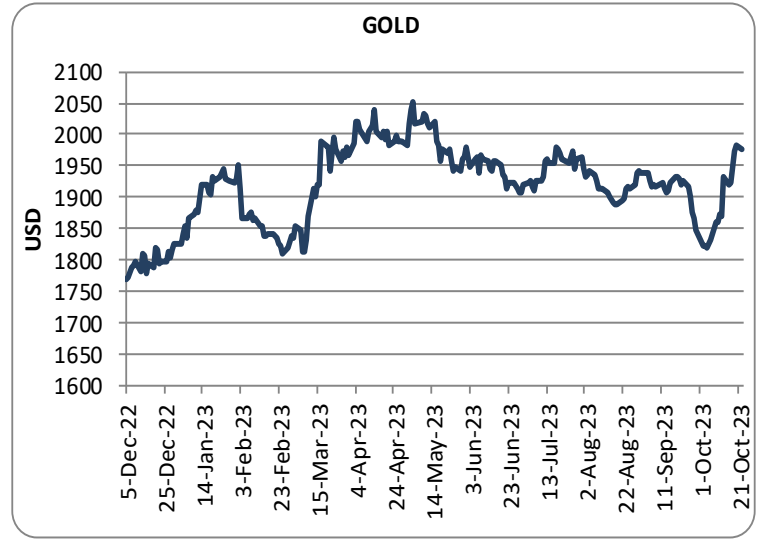
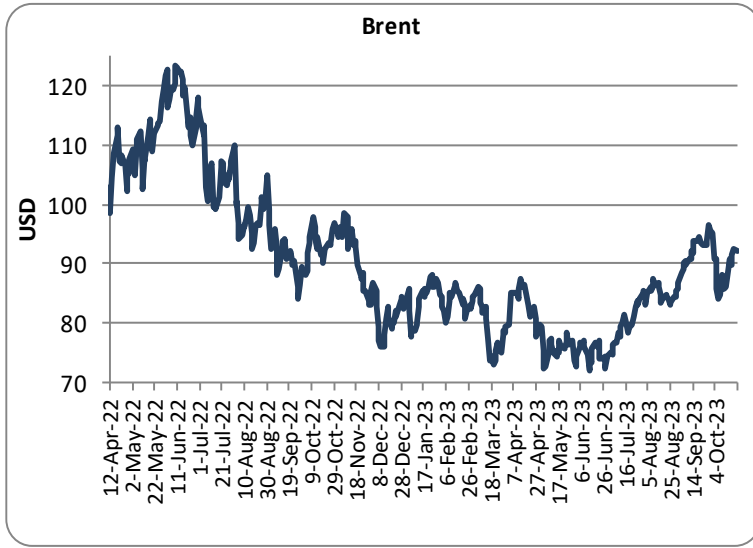
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	14940	13138	1802

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	15770	13305	2465

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-23	7.8	6.1
CAD (\$ Bn)	Jun-23	-9.2	-1.3
Trade Deficit (\$ Bn)	Jun-23	-56.6	-52.6
WPI (%)	Sep-23	-0.3	-0.5
CPI (%)	Sep-23	5.0	6.8
IIP (%)	Aug-23	10.3	5.7
PMI Manufacturing	Sep-23	57.5	58.6
PMI Service	Sep-23	61	60.1

Economic Calender	Country	Date	Poll	Prior
Industrial Output	China	18-Oct-23	4.3	4.5
GDP YY	China	18-Oct-23	4.40	6.30
CPI	UK	18-Oct-23	6.60	6.70
Retail Sales	Brazil	18-Oct-23	1.20	2.40
CPI	Japan	20-Oct-23	-	3.20
Unemployment Rate	Poland	24-Oct-23	5.00	5.00
CPI	Australia	25-Oct-23	-	6.00
GDP Advance (Q3)	USA	26-Oct-23	4.10	2.10





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

**LKP SECURITIES LTD.**, 203, Embassy Centre, Nariman Point, Mumbai- 400021

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For any queries contact - LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415 E Mail: FixedIncomeResearch@lkpsec.com

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