



BONDWATCH

Daily

August 25, 2023

INDIA

Indian government bond yields ended largely unchanged on Friday, after easily absorbing debt supply as traders await Federal Reserve Chair Jerome Powell's speech later in the day.

The benchmark 7.26% 2033 bond yield ended at 7.2035%, as compared to its previous close of 7.1963%. The yield, however, dipped one basis point (bps) for the week after rising for four consecutive weeks in which it gained an aggregate of 14 bps, largely due to gains in its U.S. peers.

The 10-year U.S. yield rose to 4.25% ahead of Powell's speech at Jackson Hole, due after market hours. It eased below 4.20% on Thursday from a 16-year high of 4.3660% on Tuesday.

The odds of another Fed rate hike in September have risen to around 20%, while concerns over interest rates staying higher for longer continue to dominate investor sentiment.

Meanwhile back home, the central bank's monetary policy committee (MPC) will closely monitor the factors impacting inflation and take necessary action, although it expects the recent spike in food prices to be short-lived.

The MPC had maintained status quo at the meeting but raised its inflation forecasts. Retail inflation spiked to a 15-month high of 7.44% in July, raising fears that the central bank may turn hawkish. Vegetable prices have started easing, so it is likely that the spike in inflation is temporary and may reverse in the coming months.

The Indian rupee weakened 0.09% versus the U.S. dollar, and quoted at 82.65 per dollar, tracking broad dollar strength.

Repo: The weighted average call rates in the interbank segment decreased to 6.74% vs 6.77% as on the previous day while that the TREP segment also remained the same at 6.75% vs 6.75% as on the previous day.

GOI Yield	25-Aug	24-Aug	18-Aug	27-Jul
1 Year	7.020	7.045	7.025	6.860
5 Year	7.208	7.183	7.203	7.111
10 Year	7.204	7.196	7.217	7.123

AAA Bmk	25-Aug	24-Aug	18-Aug	27-Jul
1 Year	7.45	7.45	7.45	7.35
5 Year	7.68	7.68	7.71	7.55
10 Year	7.65	7.65	7.65	7.53

CD	25-Aug	24-Aug	18-Aug	27-Jul
3 Month	7.03	7.03	7.05	6.95
6 Month	7.25	7.25	7.30	7.15
1 Year	7.50	7.50	7.50	7.45

CP	25-Aug	24-Aug	18-Aug	27-Jul
3 Month	7.15	7.15	7.20	7.10
6 Month	7.35	7.35	7.40	7.28
1 Year	7.60	7.60	7.60	7.55

OIS Rate	25-Aug	24-Aug	18-Aug	27-Jul
1 Year	7.01	6.98	7.00	6.82
2 Year	6.72	6.70	6.75	6.54
3 Year	6.67	6.66	6.71	6.47
5 Year	6.64	6.60	6.67	6.38

	25-Aug	24-Aug	18-Aug	27-Jul
Sensex	64,887	65,252	64,949	66,267
Nifty	19,266	19,387	19,310	19,660
USD/INR	82.65	82.57	83.10	81.93
Gold (USD)	1,917	1,917	1,888	1,945
Oil (USD)	84.44	83.36	84.80	84.24

NDF	25-Aug	24-Aug	18-Aug	27-Jul
3 Month	82.94	82.87	83.45	82.61
1 Year	83.97	83.96	84.50	83.69
2 Year	86.26	86.10	86.66	85.77
3 Year	89.08	88.75	89.31	88.44

Market Observations

G-sec

- Selling was seen in 3-year G-sec by foreign banks @7.17-7.19 levels but a very timid demand was witnessed @7.20 levels.

- Switches were reported in longer end G-sec as demand was seen in old 30 and 40-year G-sec by foreign banks.

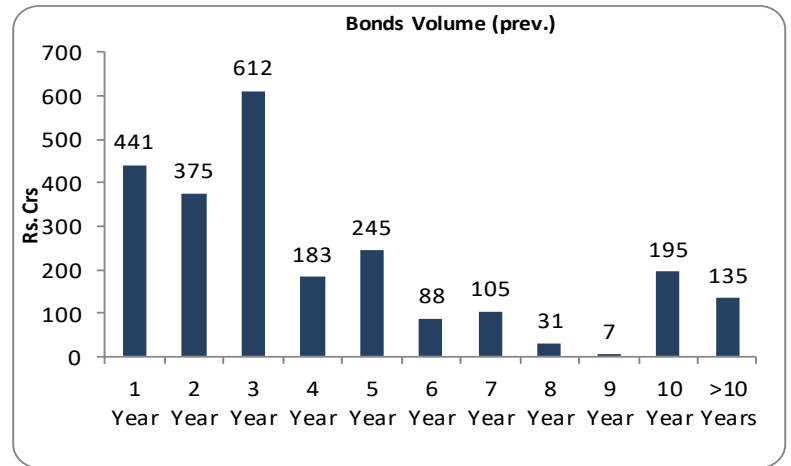
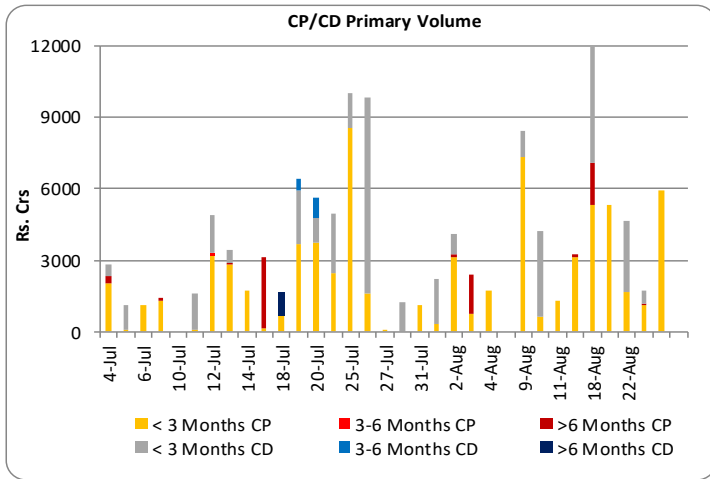
Corporate Bonds

- Market participants seen reducing their portfolio duration from 5-year to 2-year.

- Mutual funds were active in the 2025-2026-year segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	25-Aug	24-Aug	18-Aug	27-Jul
India	7.21	7.19	7.21	7.12
US	4.25	4.24	4.25	4.01
South Korea	3.93	3.88	3.92	3.64
Russia	11.96	11.93	11.76	11.43
Brazil	11.07	11.16	11.23	10.92
Germany	2.57	2.52	2.62	2.44
China	2.57	2.55	2.57	2.68

Top Traded Securities	Volume	24-Aug	23-Aug	17-Aug	26-Jul
7.26 2033	11,315	7.19	7.19	7.25	7.10
7.06 2028	1,310	7.28	7.30	7.38	7.24
7.62 2039	-	7.21	7.21	7.27	7.13
7.30 2053	1,130	#N/A	7.25	7.30	7.19
6.64 2035	245	7.24	7.27	7.30	7.20
7.40 2035	-	7.27	7.25	7.30	7.19

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
3-Aug-23	3082	2594	487

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	3594	3518	76

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	6676	6112	563

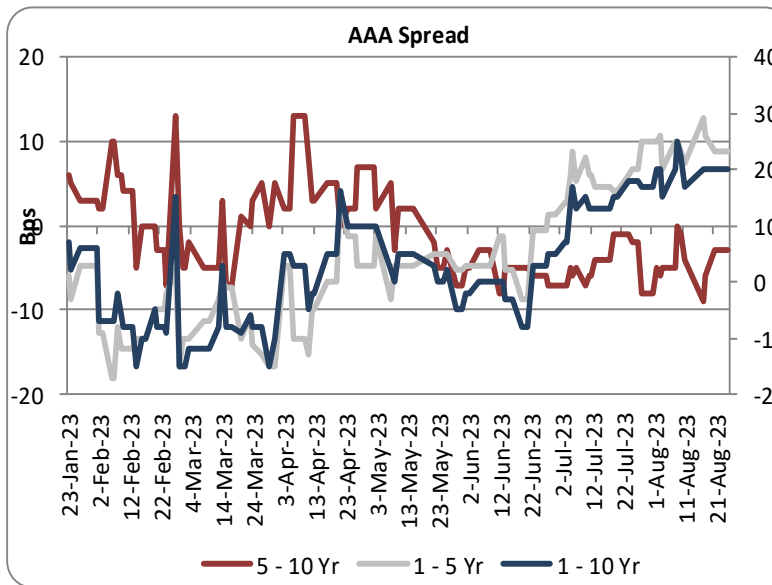
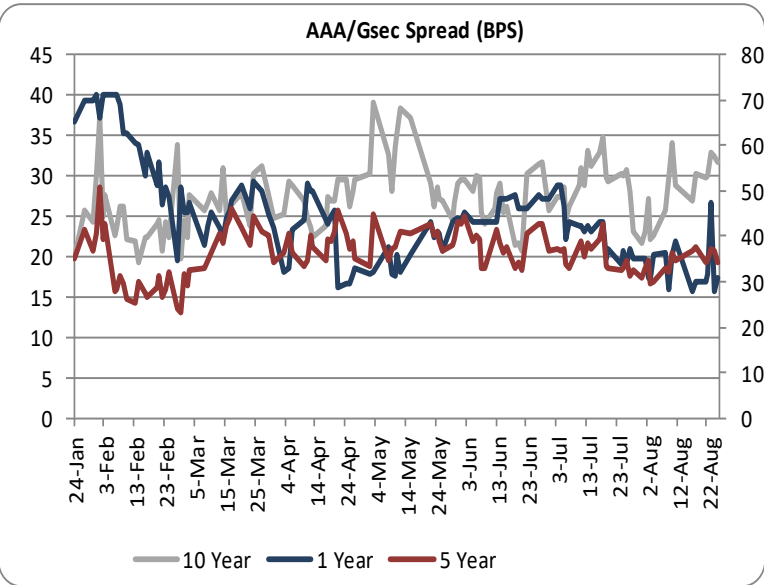
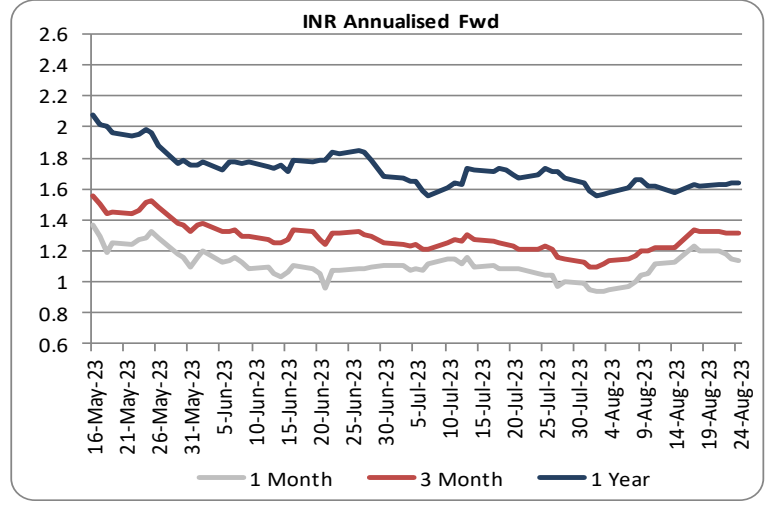
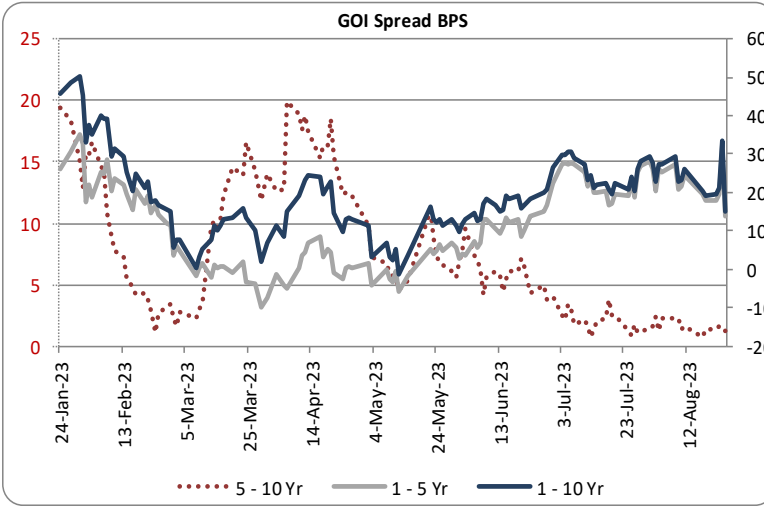
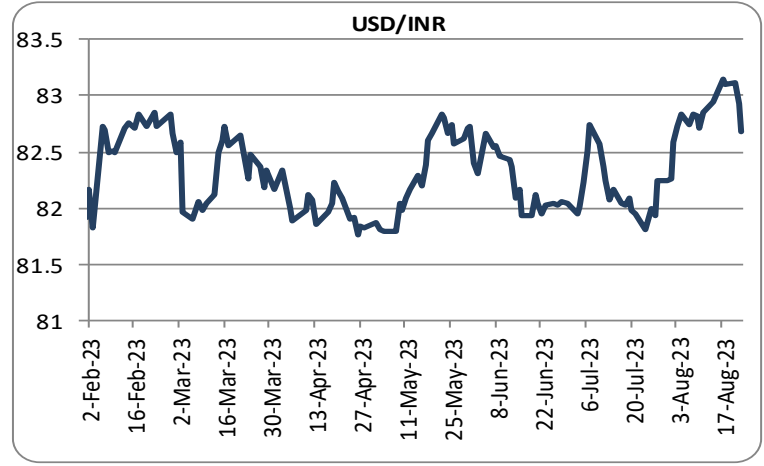
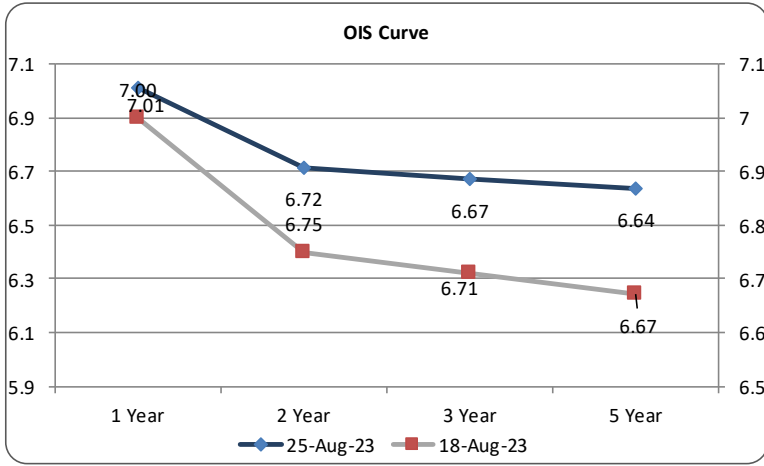
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
25-Aug-23	588	833	-245

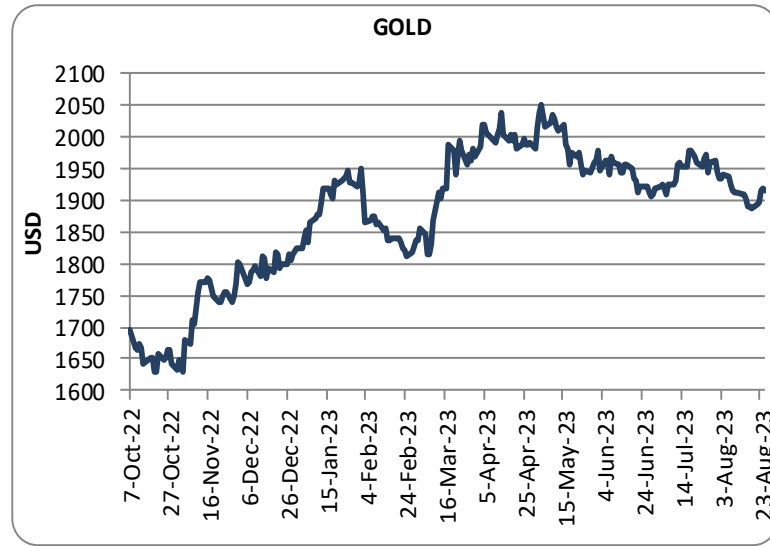
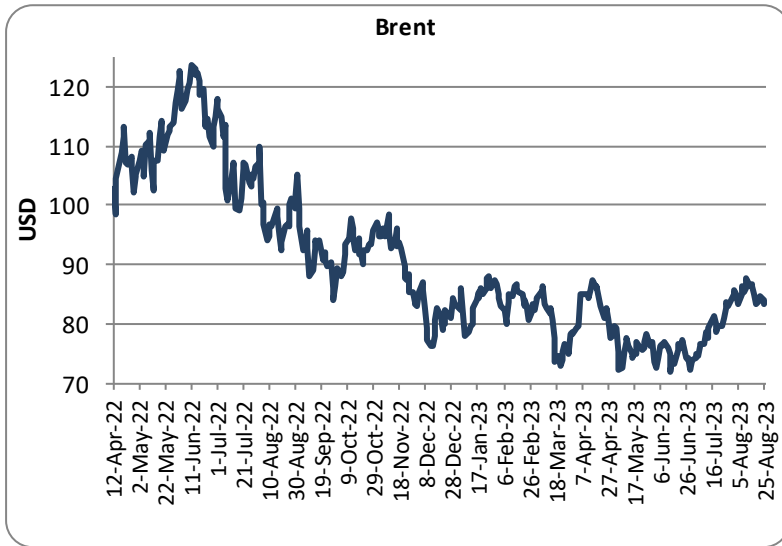
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	13076	10870	2206

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	13665	11704	1961

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-23	6.1	4.4
CAD (\$ Bn)	Mar-23	-1.3	-16.8
Trade Deficit (\$ Bn)	Mar-23	-52.6	-72.7
WPI (%)	Jul-23	-1.4	-4.1
CPI (%)	Jul-23	7.4	4.9
IIP (%)	Jun-23	3.7	5.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	18-Aug-23	3.1	3.3
Retail Sales	UK	18-Aug-23	(2.10)	(1.00)
Unemployment Rate	Poland	24-Aug-23	5.00	5.00
Unemployment Rate	Japan	29-Aug-23	-	2.50
Q2 GDP	USA	30-Aug-23	-	2.40
Imports	Germany	31-Aug-23	-	(11.40)
Unemployment Rate	Germany	31-Aug-23	-	5.60
Unemployment Rate	Euro Zone	31-Aug-23	-	6.40





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

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