



BONDWATCH

Daily

July 25, 2023

INDIA

Indian bond yields inched up on Tuesday tracking U.S. peers, with market participants now shifting their focus to the Federal Reserve's monetary policy decision due on Wednesday.

The benchmark 7.26% 2033 bond yield ended at 7.1030%, highest since July 12, after closing the previous session at 7.0719%.

U.S yields rose on Monday, as investors priced in some risk of the Federal Reserve raising interest rates two more times this year amid a still-resilient economy. The 10-year U.S. yield was up four basis points (bps) at 3.8983% after settling nearly two bps up on Monday.

The Fed is widely expected to hike interest rates by 25 bps. The odds of that are now over 97% but that of another increase after that have receded.

If the Fed hints that this week's hike is final, Indian benchmark bond yields could fall to 7%-level. However, any hawkish commentary from Powell may push yield till 7.15%.

Post Fed policy, the next key event is the Reserve Bank of India's policy decision due in August amid inflation concerns.

Meanwhile, oil prices edged higher as signs of tighter supplies and pledges by Chinese authorities to shore up the world's second-biggest economy lifted sentiment.

The Indian rupee weakened 0.07% versus the U.S. dollar, and quoted at 81.87 per dollar as the Reserve Bank of India possibly stepped in with dollar purchases while importer hedging further weighed.

Repo: The weighted average call rates in the interbank segment decreased to 6.60% vs 6.61% as on the previous day while that the TREP segment increased to 6.55% vs 6.51% as on the previous day.

GOI Yield	25-Jul	24-Jul	18-Jul	23-Jun
1 Year	6.863	6.865	6.850	6.890
5 Year	7.094	7.059	7.019	7.029
10 Year	7.103	7.072	7.057	7.073

AAA Bmk	25-Jul	24-Jul	18-Jul	23-Jun
1 Year	7.35	7.32	7.40	7.47
5 Year	7.55	7.51	7.57	7.56
10 Year	7.53	7.50	7.53	7.50

CD	25-Jul	24-Jul	18-Jul	23-Jun
3 Month	6.95	6.95	6.95	6.90
6 Month	7.15	7.18	7.18	7.12
1 Year	7.45	7.45	7.45	7.45

CP	25-Jul	24-Jul	18-Jul	23-Jun
3 Month	7.10	7.10	7.10	7.00
6 Month	7.28	7.28	7.28	7.25
1 Year	7.55	7.60	7.60	7.52

OIS Rate	25-Jul	24-Jul	18-Jul	23-Jun
1 Year	6.82	6.79	6.74	6.70
2 Year	6.54	6.49	6.40	6.41
3 Year	6.43	6.36	6.29	6.32
5 Year	6.36	6.30	6.22	6.27

	25-Jul	24-Jul	18-Jul	23-Jun
Sensex	66,356	66,385	66,795	62,979
Nifty	19,681	19,672	19,749	18,666
USD/INR	81.87	81.82	82.03	82.04
Gold (USD)	1,954	1,955	1,979	1,921
Oil (USD)	82.94	82.74	79.63	73.85

NDF	25-Jul	24-Jul	18-Jul	23-Jun
3 Month	82.12	82.15	82.33	82.19
1 Year	83.17	83.16	83.35	83.37
2 Year	85.39	85.24	85.53	85.43
3 Year	87.99	87.89	88.18	88.08

Market Observations

G-sec

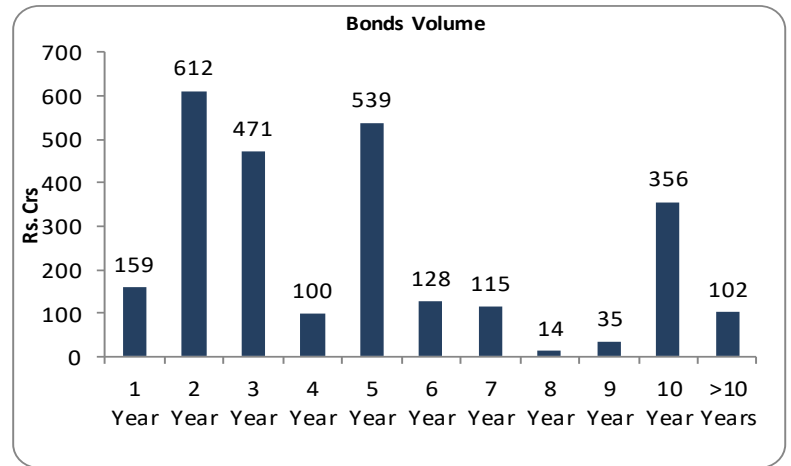
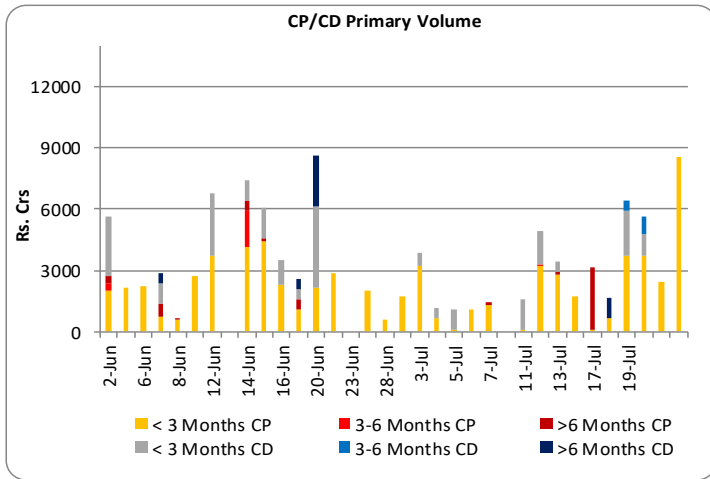
- Mutual funds were major sellers in 2026 maturity SDL's
- SDL cut off was in line with market expectations.
- Demand was seen in 6m to 1yr assets by Mutual funds.

Corporate Bonds

- Mutual funds were selling and insurance companies and pension funds were buying in the 2028b segment.
- Insurances were also active in the longer segment.

CP/CD

- Major activity was seen in the 3-month segment.



10 Year Benchmarks	25-Jul	24-Jul	18-Jul	23-Jun
India	7.10	7.07	7.06	7.07
US	3.90	3.86	3.79	3.74
South Korea	3.68	3.64	3.65	3.66
Russia	11.41	11.45	11.45	11.02
Brazil	10.89	10.85	10.70	10.98
Germany	2.43	2.39	2.35	2.36
China	2.70	2.65	2.66	2.71

Top Traded Securities	Volume	25-Jul	24-Jul	18-Jul	23-Jun
5.74 2026	410	7.08	#N/A	7.01	#N/A
7.38 2027	35	7.09	7.06	7.02	7.03
7.10 2029	50	7.12	7.09	7.06	7.07
6.54 2032	20	7.14	7.12	7.10	7.12
7.26 2032	#VALUE!	7.14	7.11	7.09	7.11
7.54 2036	-	7.21	7.18	7.17	7.19

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
13-Jul-23	3129	3066	63

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	2563	2128	435

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
	5691	5193	498

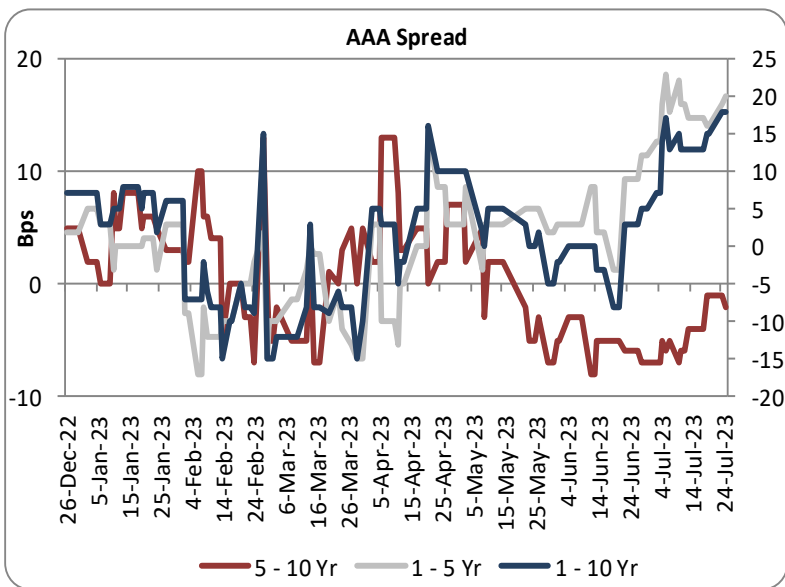
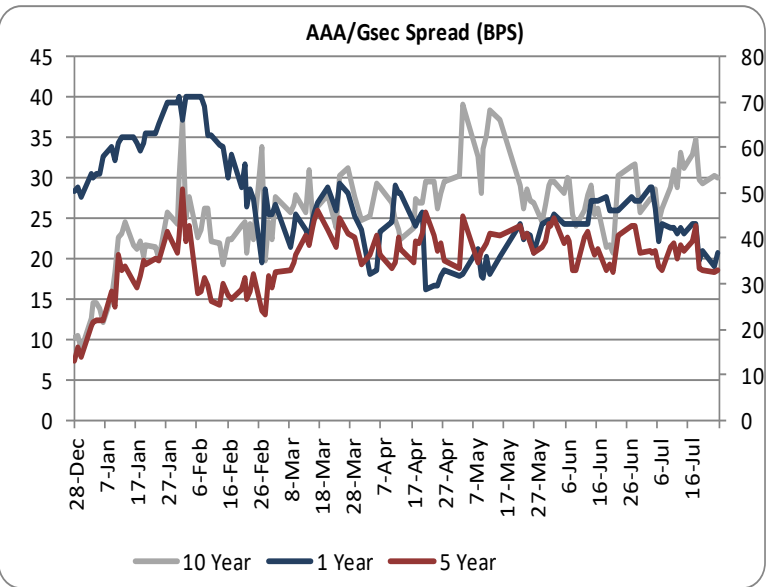
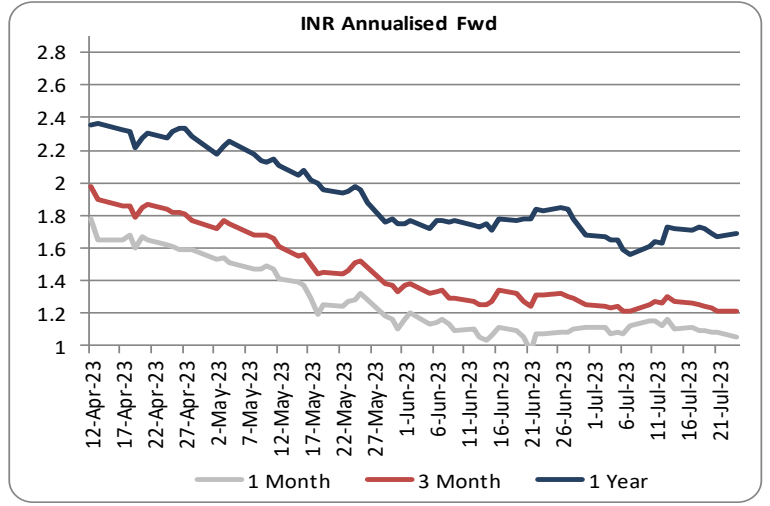
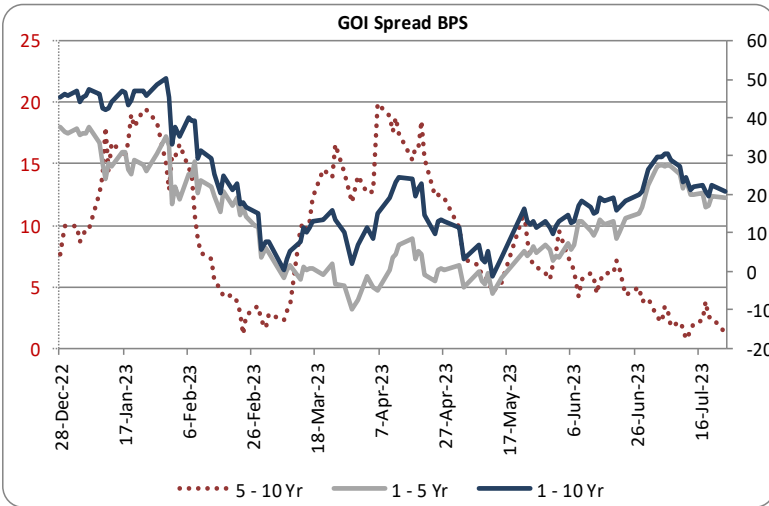
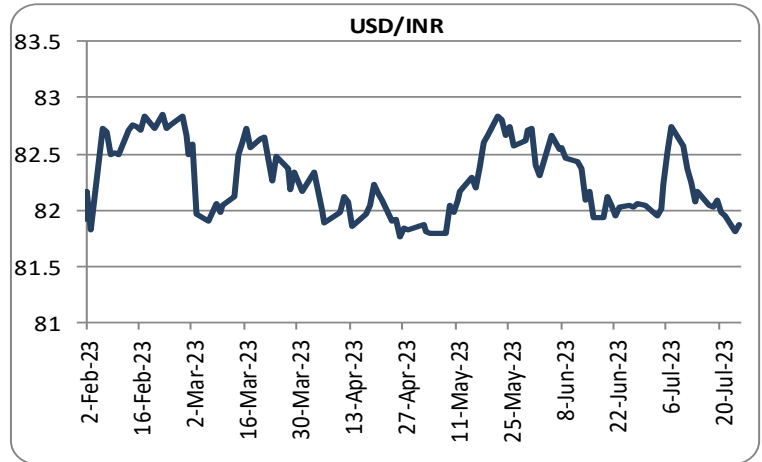
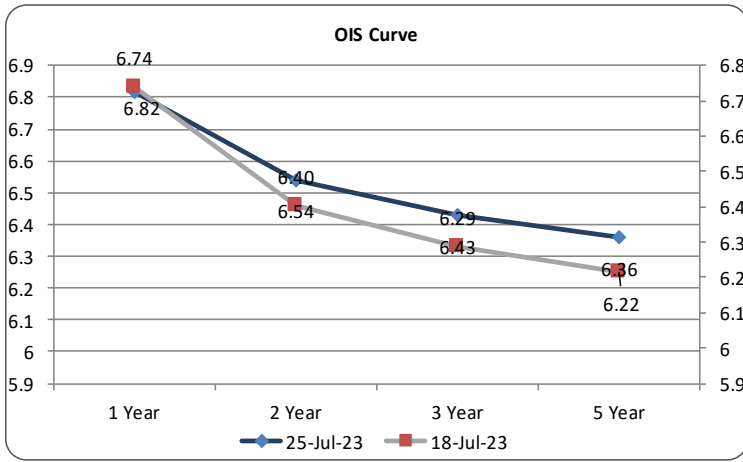
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
25-Jul-23	392	228	163

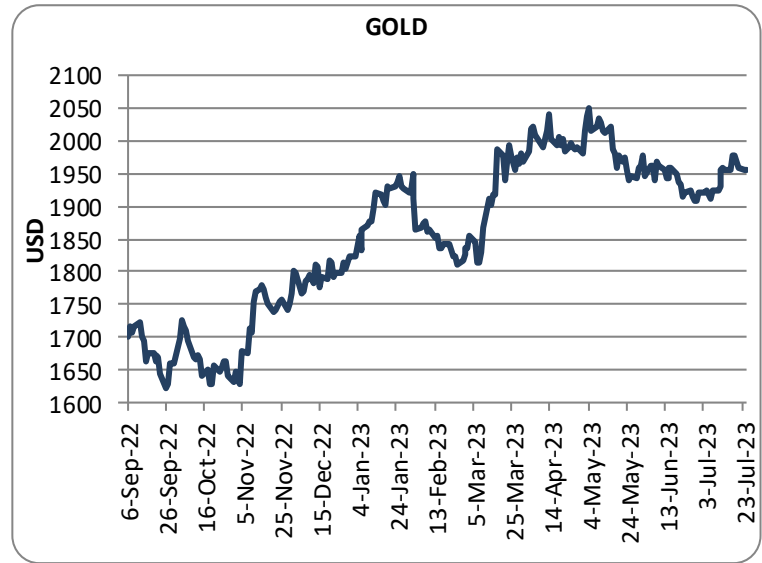
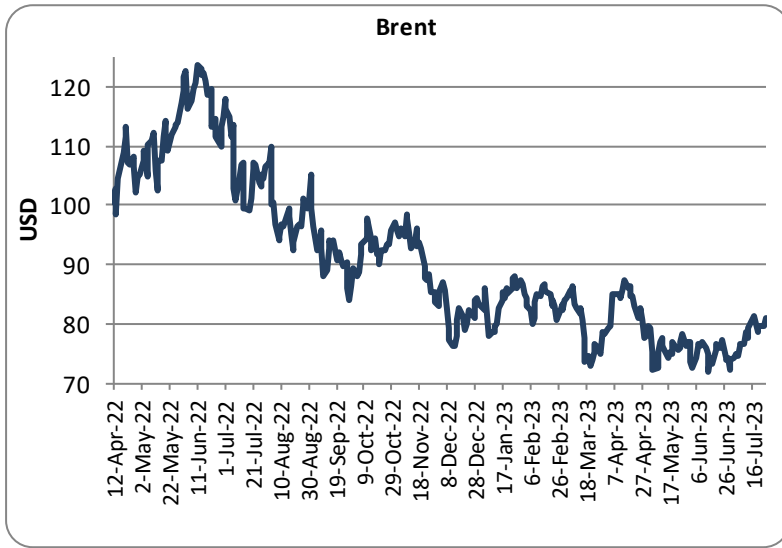
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
	9704	9473	231

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
	10095	9701	394

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 (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
CPI	Australia	26-Jul-23	0	7
Fed Funds Rate	USA	26-Jul-23	5.25-5.5	5-5.25
GDP Q2	USA	27-Jul-23	1.80	2.00
Industrial Output	Japan	28-Jul-23	-	(7.30)
CPI	Germany	28-Jul-23	-	6.40
GDP Q2	Germany	31-Jul-23	-	(0.20)
CPI	Poland	31-Jul-23	-	11.50
GDP Q2	Euro Zone	31-Jul-23	-	1.00





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

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