



# BONDWATCH

Daily

February 26, 2024

INDIA

Indian government bond yields ended lower on Monday as U.S. peers retreated from multi-month highs, with investors now focusing on state debt sale for further cues.

India's benchmark 10-year bond yield ended at 7.0642%, following its previous close at 7.0764%.

U.S. treasury yields declined on Friday from multi-month highs and extended a decline in Asian hours on Monday as the market fully priced in the shift in the Federal Reserve's monetary policy outlook to a gradual easing path.

The 10-year U.S. bond yield was at 4.2481% in Asian hours, while the two-year yield was at 4.6923%. Comments from Fed officials last week suggested the U.S. central bank will take its time cutting interest rates to make sure that inflation falls to its 2% target on a sustainable basis.

Domestic investors have also pushed back expectations of rate cuts by the Reserve Bank of India (RBI). The central bank left the key repo rate unchanged at 6.50% earlier this month and reiterated its commitment to meet the 4% inflation target on a sustainable basis.

Market participants will await a state debt sale on Tuesday as 12 states aim to raise 328.5 billion rupees (\$3.97 billion) through bonds maturing in nine to 22 years.

Oil prices fell on Monday, extending losses on market views that higher than expected inflation could delay cuts to high interest rates that have been capping growth in global fuel demand.

The Indian rupee strengthened 0.06% versus the U.S. dollar, and quoted at 82.88 aided by inflows but dollar demand from state-run banks, likely on behalf of importer clients, curbed gains.

Repo: The weighted average call rates in the interbank segment increased to 6.70% vs 6.68% as on the previous day while that the TREP segment increased to 6.70% vs 6.67% as on the previous day.

## Market Observations

### G-sec

- Up to 1-year SDL maturity were heavily in demand by Mutual funds and was traded between 7.22 to 7.24 levels.
- Good buying demand was seen by PSU banks in 2029/2030 SDLs at 7.40 centric levels.

### Corporate Bonds

- Major activity was seen in the 2025-2028 segment.
- Mutual funds were active on buying as well as selling side.

### CP/CD

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

GOI Yield	26-Feb	23-Feb	20-Feb	25-Jan
1 Year	7.085	7.140	7.130	7.150
5 Year	7.052	7.062	7.055	7.043
10 Year	7.064	7.076	7.061	7.176

AAA Bmk	26-Feb	23-Feb	20-Feb	25-Jan
1 Year	7.90	7.90	7.92	7.90
5 Year	7.64	7.64	7.61	7.67
10 Year	7.55	7.58	7.60	7.70

CD	26-Feb	23-Feb	20-Feb	25-Jan
3 Month	7.75	7.75	7.82	7.80
6 Month	7.80	7.80	7.85	7.85
1 Year	7.78	7.78	7.85	7.90

CP	26-Feb	23-Feb	20-Feb	25-Jan
3 Month	7.80	7.80	7.85	7.90
6 Month	7.80	7.80	7.85	7.95
1 Year	7.90	7.90	7.95	8.00

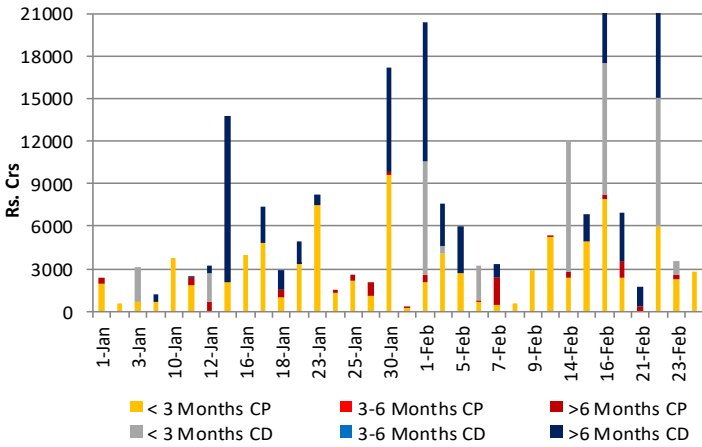
OIS Rate	26-Feb	23-Feb	20-Feb	25-Jan
1 Year	6.72	6.73	6.72	6.60
2 Year	6.40	6.42	6.42	6.26
3 Year	6.35	6.38	6.37	6.22
5 Year	6.32	6.37	6.35	6.19

	26-Feb	23-Feb	20-Feb	25-Jan
Sensex	72,790	73,143	73,057	70,701
Nifty	22,122	22,213	22,197	21,353
USD/INR	82.89	82.94	82.96	83.12
Gold (USD)	2,032	2,036	2,024	2,020
Oil (USD)	81.33	81.62	82.34	82.43

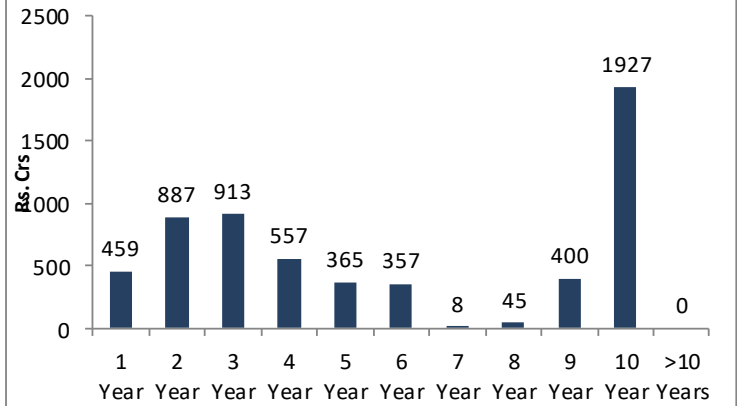
NDF	26-Feb	23-Feb	20-Feb	25-Jan
3 Month	83.14	83.06	83.19	83.45
1 Year	84.31	84.29	84.33	84.67
2 Year	86.45	86.39	86.48	87.02
3 Year	88.88	88.84	88.78	89.92



CP/CD Primary Volume



Bonds Volume



10 Year Benchmarks	26-Feb	23-Feb	20-Feb	25-Jan
India	7.07	7.08	7.06	7.17
US	4.25	4.26	4.28	4.13
South Korea	3.40	3.47	3.49	3.42
Russia	12.68	12.71	12.66	12.21
Brazil	10.81	10.81	10.73	10.68
Germany	2.38	2.36	2.37	2.28
China	2.38	2.40	2.44	2.51

Top Traded Securities	Volume	15-Feb	14-Feb	8-Feb	17-Jan
7.26 2033	485	7.11	7.14	7.10	7.19
7.06 2028	395	7.08	7.11	7.05	7.06
7.62 2039	-	7.15	7.18	7.12	7.28
7.30 2053	695	7.13	7.18	7.13	7.37
6.64 2035	525	7.13	7.16	7.11	7.25
7.40 2035	15	7.13	7.16	7.10	7.26

MF	DEBT		
	Gross Purchase	Gross Sales	Net Investment
22-Feb-24	8616	6895	1721

EQUITY	Gross Purchase	Gross Sales	Net Investment
	10878	12896	-2018

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
19494	19791	-297

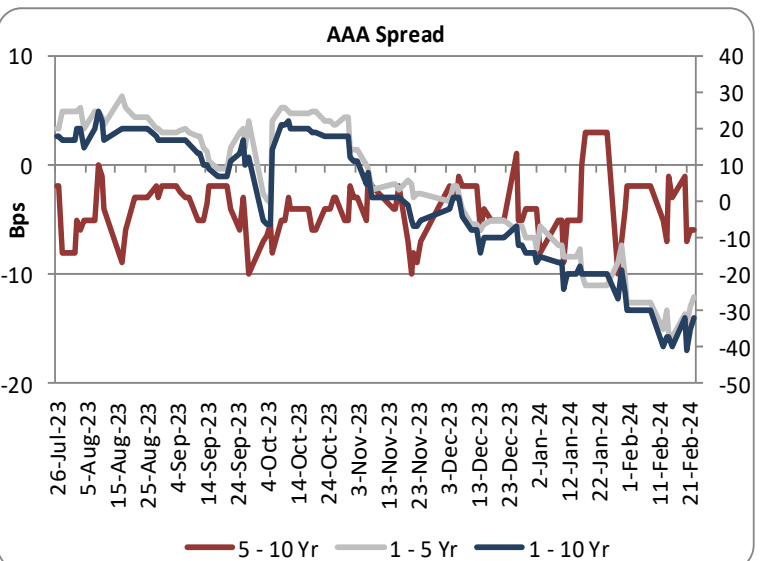
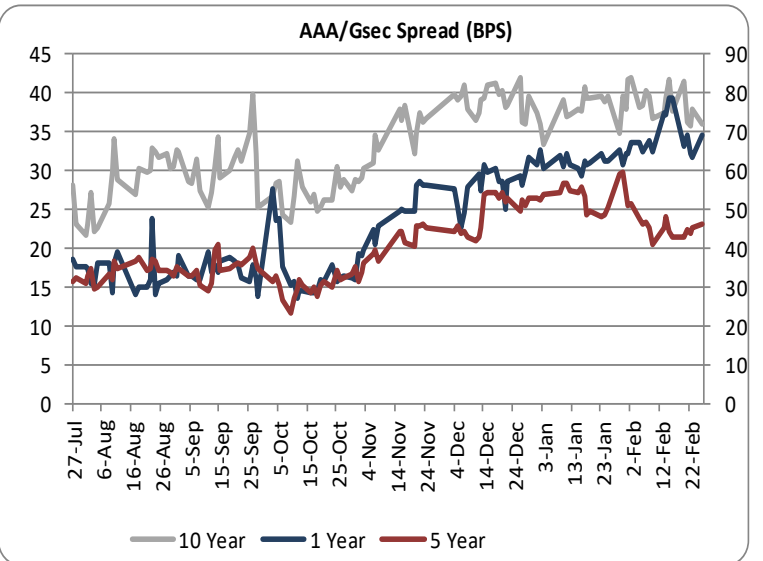
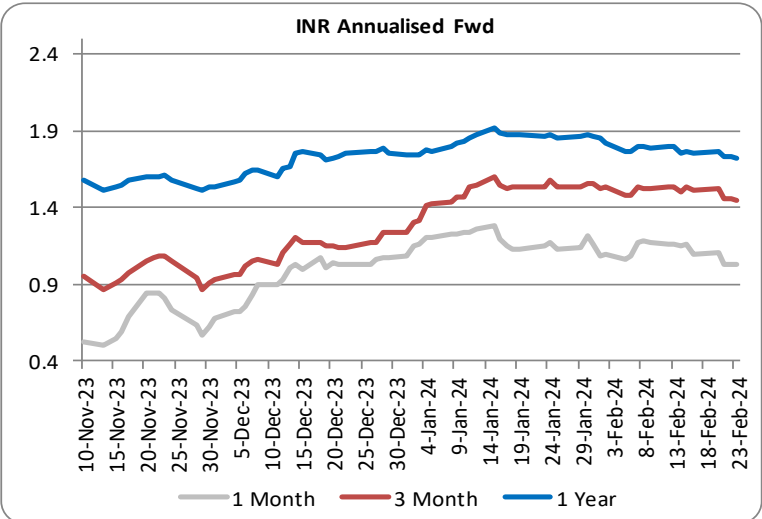
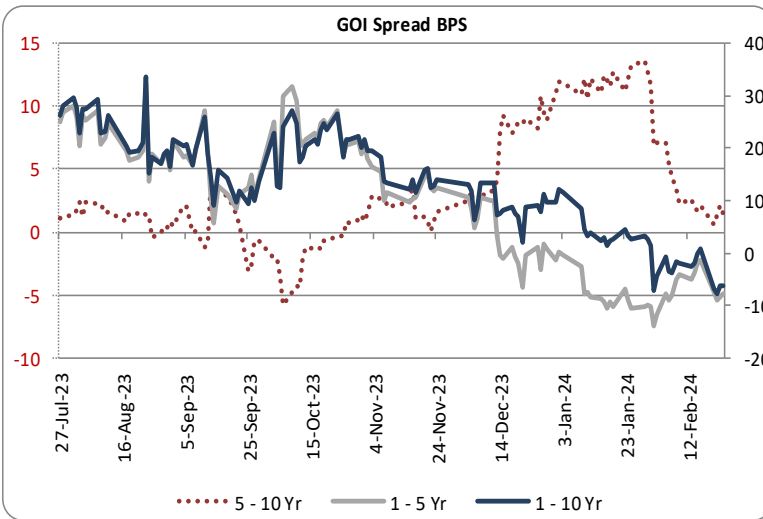
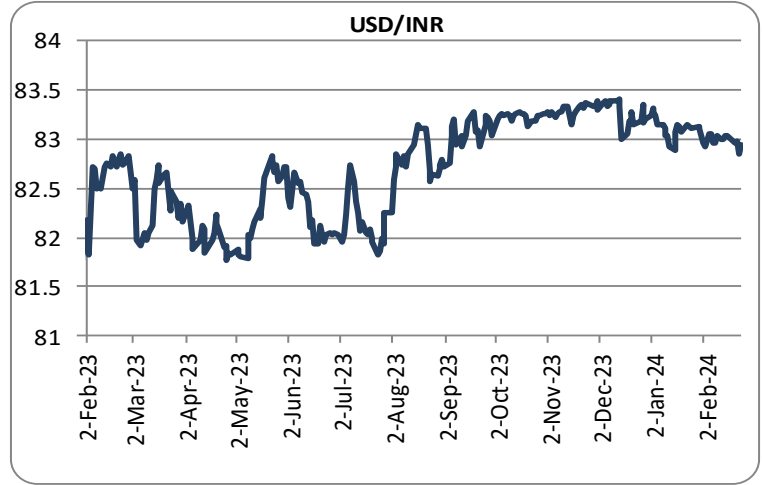
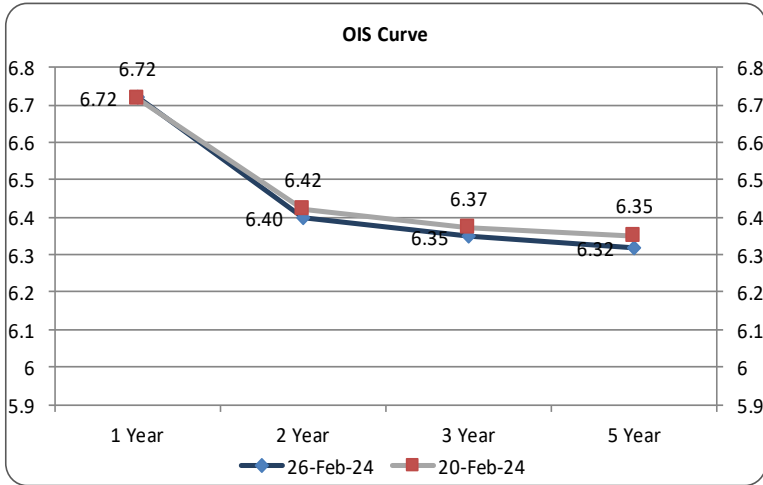
FII	DEBT		
	Gross Purchase	Gross Sales	Net Investment
26-Feb-24	2440	1207	1233

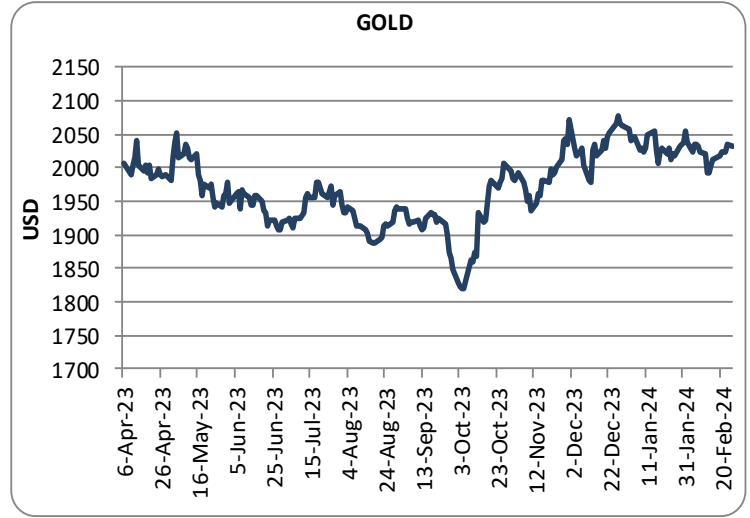
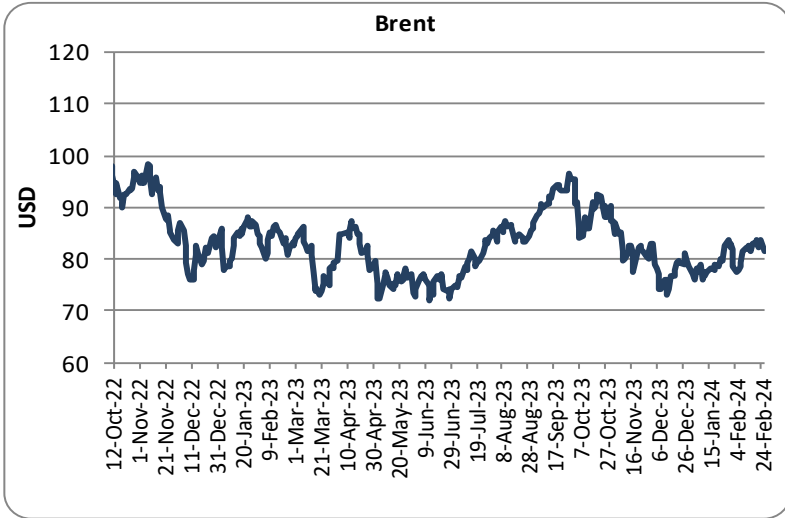
EQUITY	Gross Purchase	Gross Sales	Net Investment
	15622	14071	1552

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
18062	15277	2785

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Sep-23	-8.3	-9.2
Trade Deficit (\$ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Jan-24	0.3	0.7
CPI (%)	Jan-24	5.1	5.7
IIP (%)	Dec-23	3.8	2.4
PMI Manufacturing	Jan-24	56.5	54.9
PMI Service	Jan-24	61.8	59

Economic Calender	Country	Date	Poll	Prior
Retail Sales	Poland	22-Feb-24	0	0.5
GDP YY	Germany	23-Feb-24	(0.40)	(0.40)
CPI	Japan	27-Feb-24	-	2.60
GDP Q4	USA	28-Feb-24	3.30	3.30
CPI	Germany	29-Feb-24	-	2.90
Unemployment Rate	Japan	01-Mar-24	-	2.40
Unemployment Rate	Euro Zone	01-Mar-24	-	6.40
GDP YY Q4	Brazil	01-Mar-24	-	2.00





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

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