



BONDWATCH

Daily

March 26, 2024

INDIA

Indian government bond yields started the holiday-truncated last week of the financial year with a sideways movement as the effect of the rupee's recovery from all-time lows was offset by a record-high amount of state debt sale.

The benchmark 10-year yield ended at 7.0908%, following its previous close of 7.0927%.

Bond yields had climbed on Friday as the rupee fell to a record low. But the currency recovered to end at 83.28 to the dollar on Tuesday, helped by likely central bank intervention and an uptick in its Asian peers.

On Tuesday, Indian states raised a record 550.32 billion rupees (\$6.61 billion) through bond sales at cutoff yields that were a bit higher than estimates. This, along with the more-than-742-billion-rupees states raised in two auctions last week, will push up the gross supply for the fiscal to above 10 trillion rupees.

Market participants now await the borrowing calendar for the first half of the next financial year as well as foreign participation in local bonds, especially after a selloff last week.

Meanwhile, U.S. yields continue to remain elevated, with the 10-year yield trading close to the 4.25% mark, as recent data continues to raise concerns around monetary policy easing even though the Federal Reserve maintained its outlook for three cuts in 2024.

The Indian rupee strengthened 0.18% versus the U.S. dollar, and quoted at 83.31 per dollar as likely central bank intervention and an uptick in its Asian peers helped the currency recover from its fall to a historical low last week.

Repo: The weighted average call rates in the interbank segment decreased to 6.65% vs 6.70% as on the previous day while that the TREP segment decreased to 6.63% vs 6.76% as on the previous day.

Market Observations

G-sec

- SDL cut off was higher than market expectations. Demand was seen in 10-year+ SDLs @7.45 centric levels (for good states) post cut off.
- Selling was seen in 7 and 8 year illiquid G-sec @7.13 centric levels by pension funds and foreign banks.

Corporate Bonds

- Muted activity was seen throughout all segments.
- Insurance companies and Mutual funds were active in the 10-year segment.

CP/CD

- Major activity was seen in the shorter to 3-month and 1-year segment.

GOI Yield	26-Mar	22-Mar	19-Mar	26-Feb
1 Year	7.080	7.080	7.030	7.085
5 Year	7.108	7.108	7.087	7.052
10 Year	7.091	7.093	7.098	7.064

AAA Bmk	26-Mar	22-Mar	19-Mar	26-Feb
1 Year	7.87	7.87	7.87	7.90
5 Year	7.65	7.62	7.61	7.64
10 Year	7.53	7.53	7.53	7.55

CD	26-Mar	22-Mar	19-Mar	26-Feb
3 Month	7.70	7.70	7.60	7.75
6 Month	7.75	7.75	7.75	7.80
1 Year	7.70	7.68	7.65	7.78

CP	26-Mar	22-Mar	19-Mar	26-Feb
3 Month	7.85	7.85	7.80	7.80
6 Month	7.90	7.90	7.90	7.80
1 Year	7.85	7.85	7.85	7.90

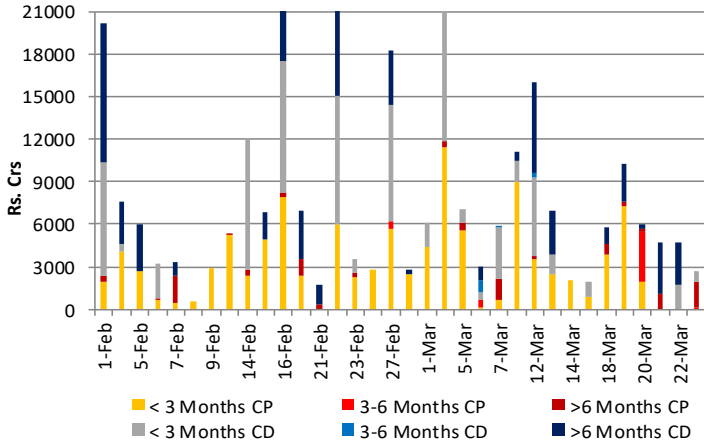
OIS Rate	26-Mar	22-Mar	19-Mar	26-Feb
1 Year	6.77	6.77	6.77	6.72
2 Year	6.49	6.49	6.48	6.40
3 Year	6.44	6.44	6.42	6.35
5 Year	6.40	6.39	6.38	6.32

	26-Mar	22-Mar	19-Mar	26-Feb
Sensex	72,470	72,832	72,012	72,790
Nifty	22,005	22,097	21,817	22,122
USD/INR	83.28	83.43	83.04	82.89
Gold (USD)	2,195	2,164	2,157	2,031
Oil (USD)	86.78	85.43	87.38	82.53

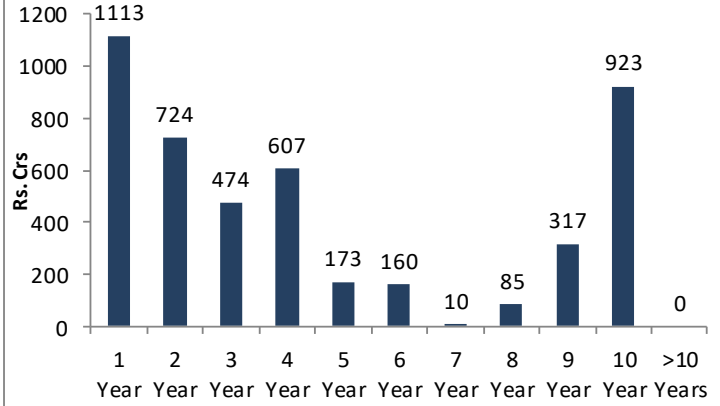
NDF	26-Mar	22-Mar	19-Mar	26-Feb
3 Month	83.47	83.81	83.09	83.04
1 Year	84.60	84.94	84.33	84.27
2 Year	86.78	87.09	86.40	86.40
3 Year	89.52	89.56	88.87	88.85



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	26-Mar	22-Mar	19-Mar	26-Feb
India	7.09	7.09	7.10	7.06
US	4.24	4.22	4.30	4.30
South Korea	3.39	3.36	3.47	3.40
Russia	13.85	13.86	13.80	12.74
Brazil	10.90	10.92	10.95	10.87
Germany	2.36	2.32	2.45	2.43
China	2.31	2.31	2.29	2.38

Top Traded Securities	Volume	20-Mar	19-Mar	13-Mar	20-Feb
7.26 2033	105	7.13	7.13	7.07	7.09
7.06 2028	475	7.11	7.10	7.05	7.07
7.62 2039	-	7.14	7.14	7.09	7.14
7.30 2053	760	7.17	7.17	7.13	7.13
6.64 2035	330	7.16	7.13	7.10	7.13
7.40 2035	780	7.15	7.14	7.09	7.13

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
19-Mar-24	13187	7256	5931

EQUITY		
Gross Purchase	Gross Sales	Net Investment
21461	21198	264

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
34649	28454	6195

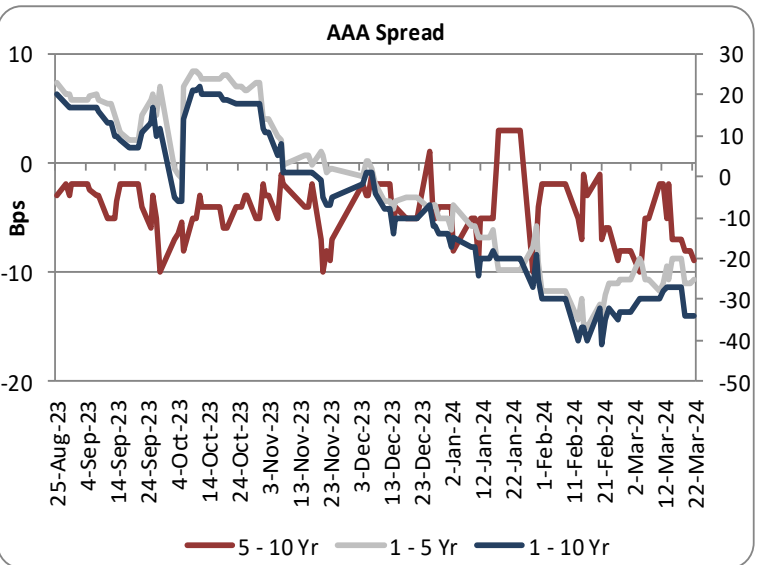
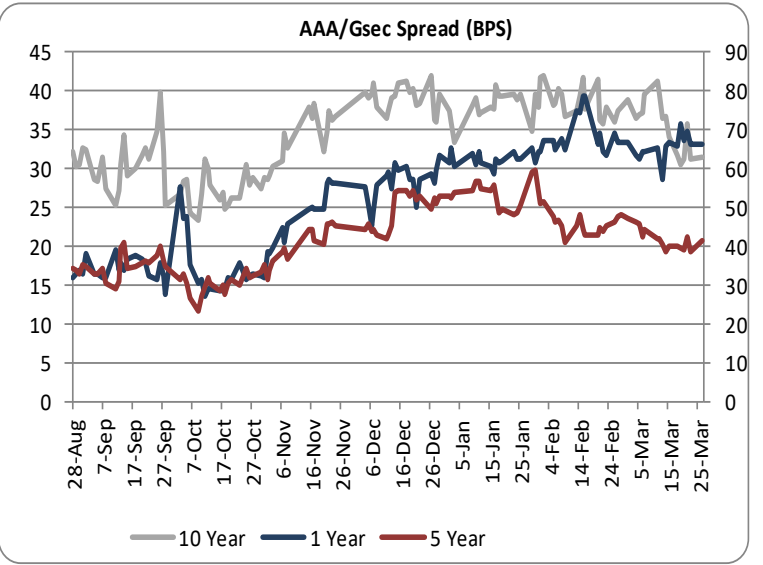
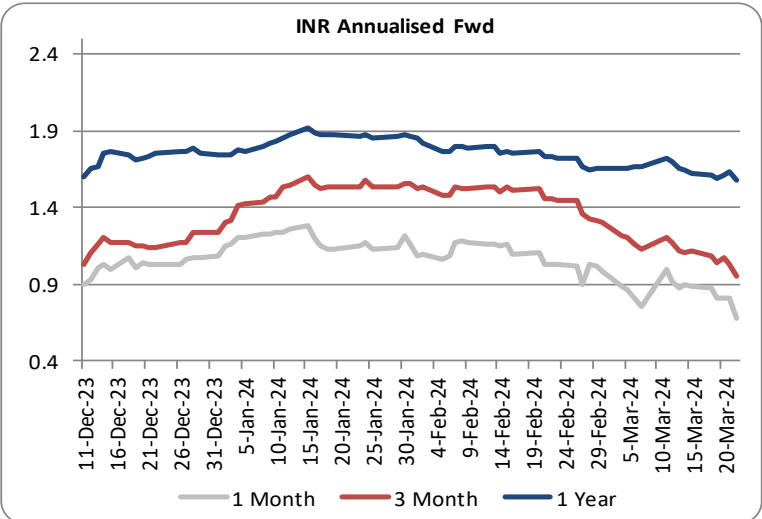
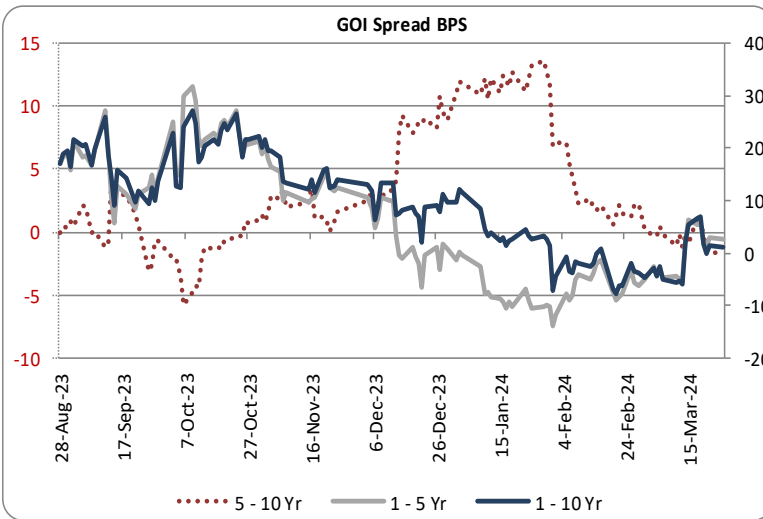
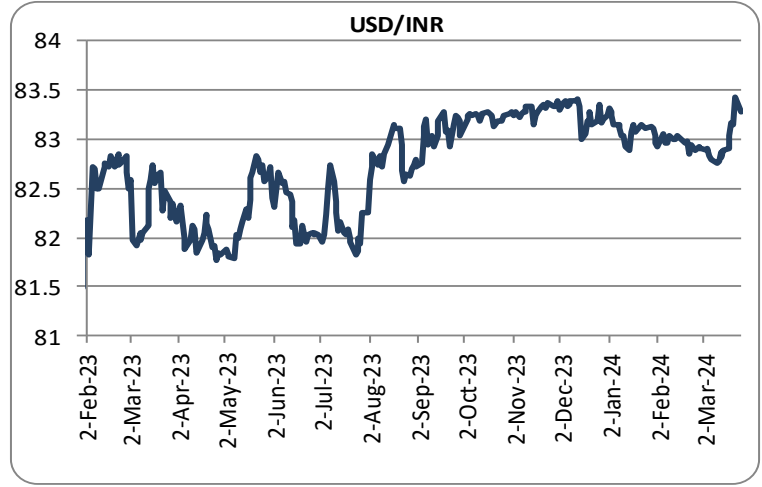
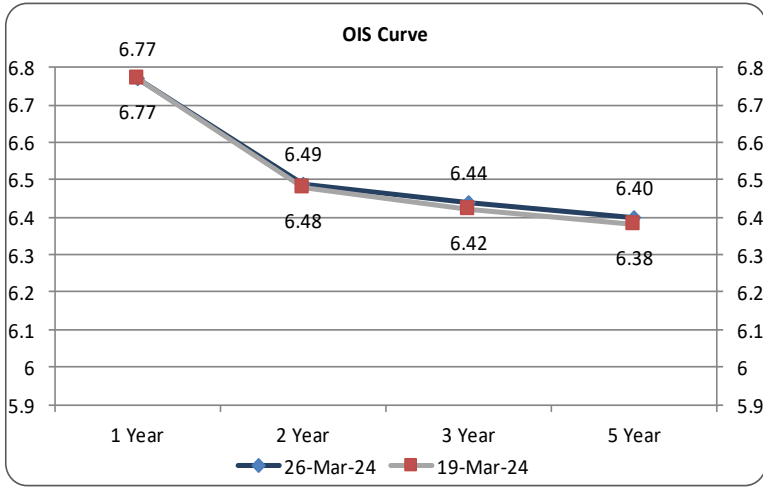
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
26-Mar-24	531	4075	-3545

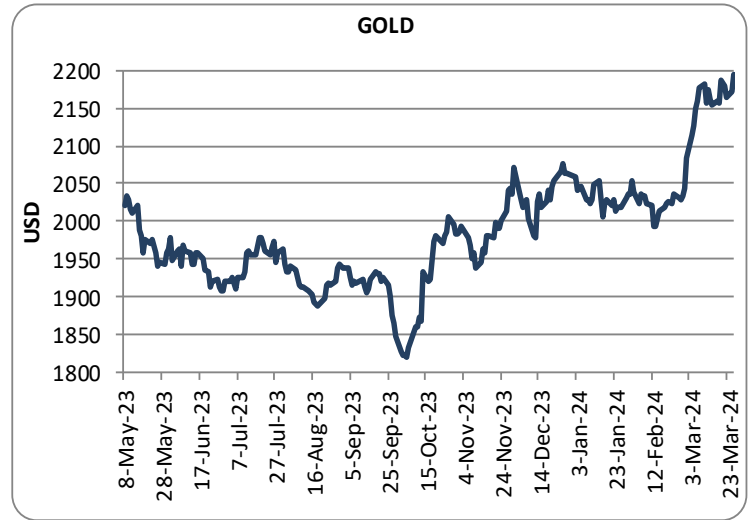
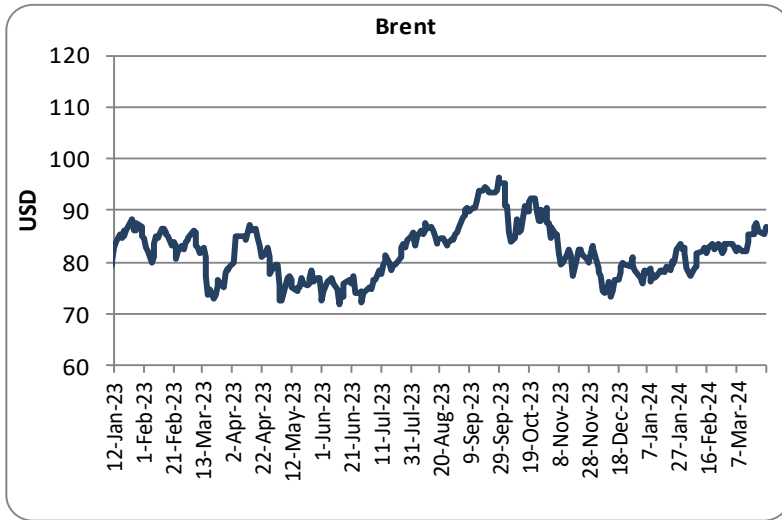
EQUITY		
Gross Purchase	Gross Sales	Net Investment
16805	20677	-3871

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
17336	24752	-7416

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-23	8.4	8.1
CAD (\$ Bn)	Sep-23	-8.3	-9.2
Trade Deficit (\$ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Feb-24	0.2	0.3
CPI (%)	Feb-24	5.1	5.1
IIP (%)	Jan-24	3.8	4.2
PMI Manufacturing	Feb-24	56.9	56.5
PMI Service	Feb-24	60.6	61.8

Economic Calender	Country	Date	Poll	Prior
CPI	UK	20-Mar-24	3.5	4
Fed funds target rate	USA	20-Mar-24	5.25-5.5	5.25-5.5
Unemployment rate	Australia	21-Mar-24	4.00	4.10
BOE Bank Rate	UK	21-Mar-24	5.25	5.25
Retail Sales	UK	22-Mar-24	(0.70)	0.70
Unemployment rate	Japan	29-Mar-24	-	2.40
CPI	Germany	02-Apr-24	-	2.50
CPI	Euro Zone	03-Apr-24	-	2.60





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

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