



BONDWATCH

Daily

September 26, 2023

INDIA

Indian government bond yields ended marginally lower on Tuesday as expectations of a tweak in the government's borrowing plan for the rest of the year offset the impact of elevated U.S. Treasury yields and oil prices.

The 10-year benchmark 7.18% 2033 bond yield ended at 7.1441% after closing at 7.1541% in the previous session.

India aims to borrow 6.55 trillion rupees (\$78.68 billion) on a gross basis through the sale of bonds in second half of the year. Market participants are speculating some tweaks in the second-half borrowing plan, with either a reduction in issuance or a change in the issuance pattern.

A few weeks ago, market participants had suggested that the government increase issuance of 30-year and 40-year bonds, while reducing supply from other maturities.

U.S. yields continue to remain elevated with the benchmark 10-year yield logging a fresh 16-year high on bets of higher-for-longer interest rates.

High U.S. yields and crude oil prices have dented investors' appetite, leading to a sharp reversal in the rally post JPMorgan's inclusion of India's sovereign bonds in its emerging market debt index. The benchmark Brent crude contract continues to hover around \$93 per barrel.

The Indian rupee weakened 0.11% versus the U.S. dollar, and quoted at 83.23 per dollar weighed by month-end domestic dollar demand and elevated U.S. treasury yields which surged to their highest levels in nearly 16 years on renewed bets of U.S. Fed holding interest rates higher for longer.

Repo: The weighted average call rates in the interbank segment decreased to 6.73% vs 6.75% as on the previous day while that the TREP segment remained the same at 6.76% vs 6.76% as on the previous day.

| GOI Yield | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|-----------|--------|--------|--------|--------|
| 1 Year | 7.020 | 7.060 | 7.050 | 7.000 |
| 5 Year | 7.170 | 7.186 | 7.163 | 7.184 |
| 10 Year | 7.144 | 7.154 | 7.191 | 7.188 |

| AAA Bmk | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|---------|--------|--------|--------|--------|
| 1 Year | 7.50 | 7.50 | 7.55 | 7.45 |
| 5 Year | 7.70 | 7.69 | 7.64 | 7.65 |
| 10 Year | 7.67 | 7.63 | 7.62 | 7.62 |

| CD | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|---------|--------|--------|--------|--------|
| 3 Month | 7.12 | 7.00 | 7.10 | 7.05 |
| 6 Month | 7.30 | 7.30 | 7.25 | 7.25 |
| 1 Year | 7.60 | 7.55 | 7.55 | 7.50 |

| CP | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|---------|--------|--------|--------|--------|
| 3 Month | 7.22 | 7.10 | 7.20 | 7.10 |
| 6 Month | 7.40 | 7.40 | 7.35 | 7.35 |
| 1 Year | 7.70 | 7.65 | 7.65 | 7.60 |

| OIS Rate | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|----------|--------|--------|--------|--------|
| 1 Year | 7.08 | 7.09 | 7.08 | 6.98 |
| 2 Year | 6.84 | 6.84 | 6.85 | 6.67 |
| 3 Year | 6.81 | 6.82 | 6.81 | 6.63 |
| 5 Year | 6.78 | 6.76 | 6.78 | 6.57 |

| | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|------------|--------|--------|--------|--------|
| Sensex | 65,945 | 66,024 | 67,597 | 65,076 |
| Nifty | 19,665 | 19,675 | 20,133 | 19,343 |
| USD/INR | 83.23 | 83.15 | 83.27 | 82.71 |
| Gold (USD) | 1,913 | 1,916 | 1,933 | 1,937 |
| Oil (USD) | 92.66 | 93.29 | 94.43 | 85.49 |

| NDF | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|---------|--------|--------|--------|--------|
| 3 Month | 83.62 | 83.40 | 83.54 | 82.87 |
| 1 Year | 84.83 | 84.59 | 84.69 | 83.95 |
| 2 Year | 87.05 | 86.69 | 86.91 | 86.01 |
| 3 Year | 89.62 | 89.49 | 89.71 | 88.66 |

Market Observations

G-sec

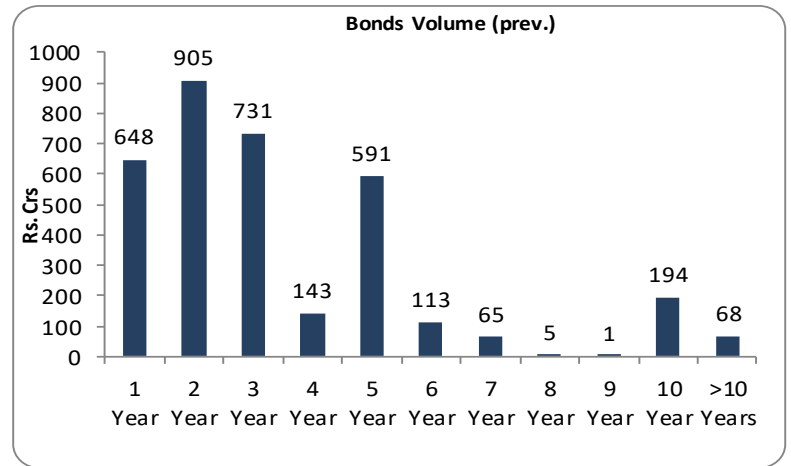
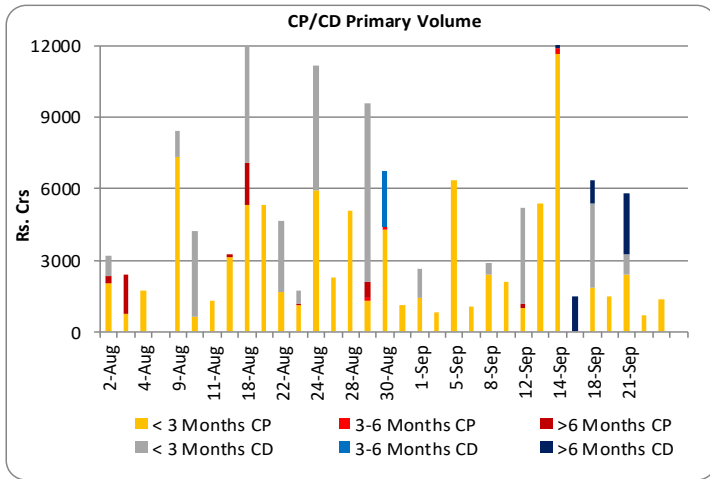
- SDL cut off was in line with market expectations.
- Cut off was inverse in 7 and 10-year SDL as sell off was seen in the 7-year segment in G-sec.
- Selling was seen in 2026 maturity G-sec majorly by foreign banks.

Corporate Bonds

- Mutual funds and banks were active in the shorter as well as 2025-2026 segment.
- Insurance companies were active in the longer end.

CP/CD

- Activity was seen throughout all segments.



| 10 Year Benchmarks | 26-Sep | 25-Sep | 18-Sep | 29-Aug |
|--------------------|--------|--------|--------|--------|
| India | 7.15 | 7.15 | 7.15 | 7.18 |
| US | 4.49 | 4.54 | 4.32 | 4.12 |
| South Korea | 4.04 | 4.01 | 3.98 | 3.83 |
| Russia | 12.66 | 12.66 | 12.37 | 12.03 |
| Brazil | 11.59 | 11.59 | 11.28 | 10.97 |
| Germany | 2.77 | 2.79 | 2.72 | 2.51 |
| China | 2.72 | 2.72 | 2.68 | 2.60 |

| Top Traded Securities | Volume | 8-Sep | 7-Sep | 1-Sep | 10-Aug |
|-----------------------|--------|-------|-------|-------|--------|
| 7.26 2033 | 10,135 | 7.20 | 7.17 | 7.18 | 7.15 |
| 7.06 2028 | 1,485 | 7.26 | 7.24 | 7.25 | 7.30 |
| 7.62 2039 | - | 7.21 | 7.20 | 7.19 | 7.18 |
| 7.30 2053 | 560 | 7.35 | 7.33 | 7.33 | 7.36 |
| 6.64 2035 | 340 | 7.17 | 7.16 | 7.22 | 7.24 |
| 7.40 2035 | 175 | 7.20 | 7.18 | 7.24 | 7.23 |

| DEBT | | | |
|-----------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| MF | | | |
| 21-Sep-23 | 5992 | 4574 | 1419 |

| EQUITY | | | |
|--------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 11379 | 13677 | -2299 |

| TOTAL (Rs.Crs) | | | |
|----------------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 17371 | 18251 | -880 |

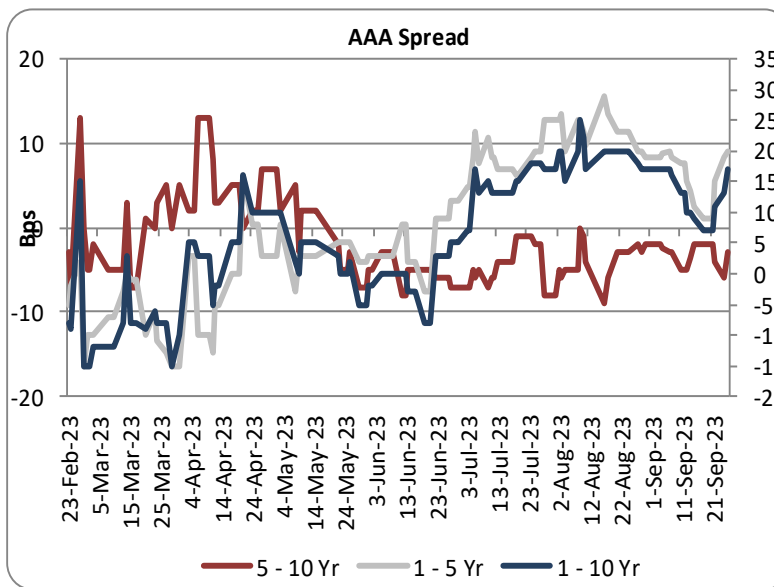
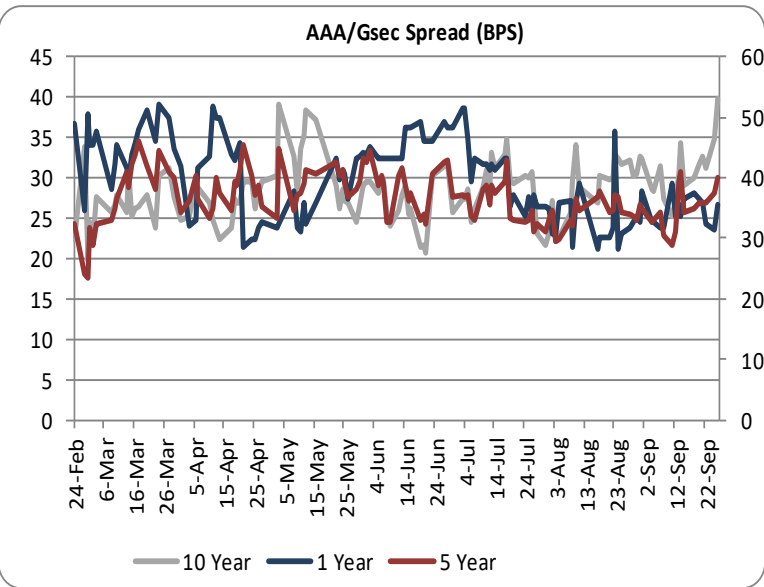
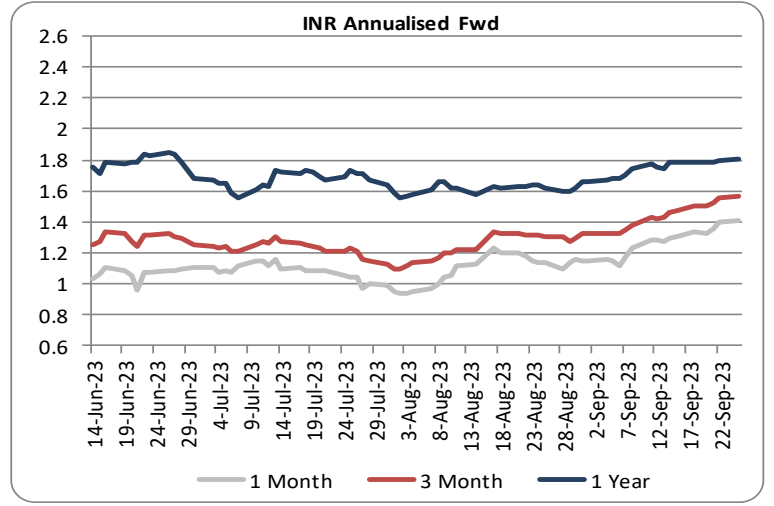
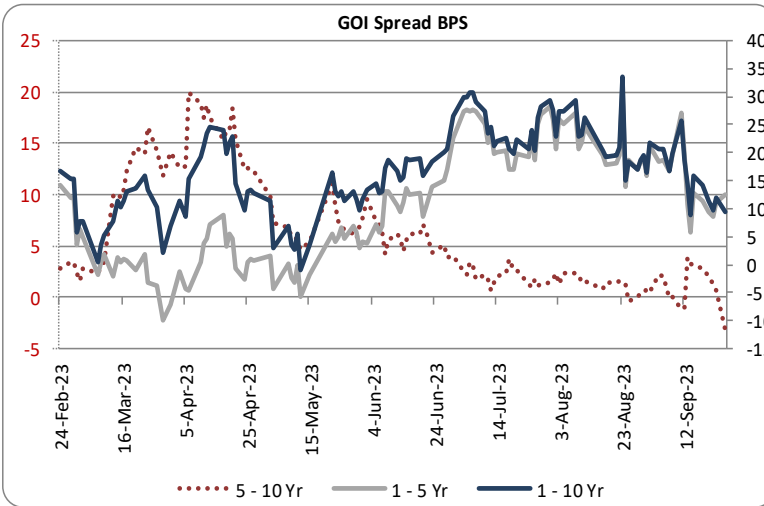
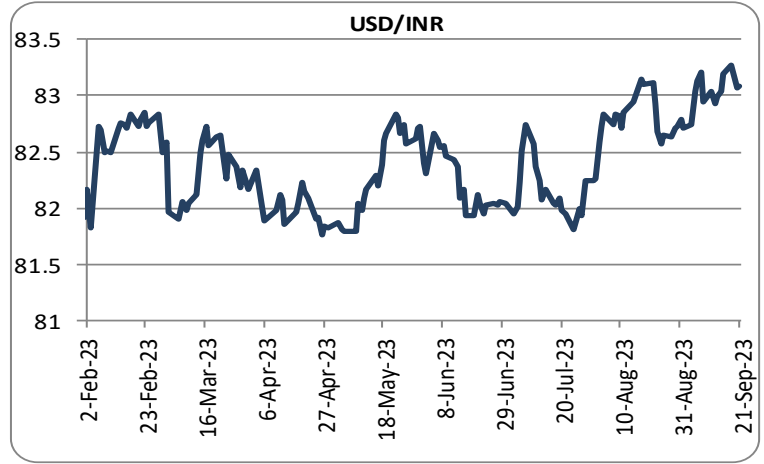
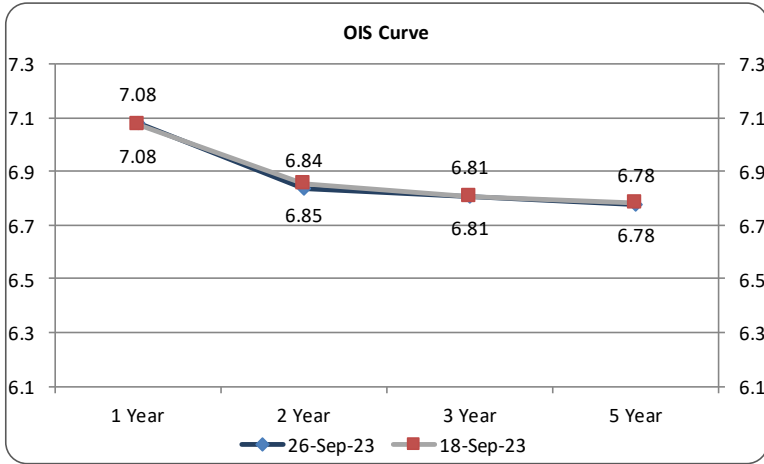
| DEBT | | | |
|-----------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| FII | | | |
| 26-Sep-23 | 521 | 458 | 63 |

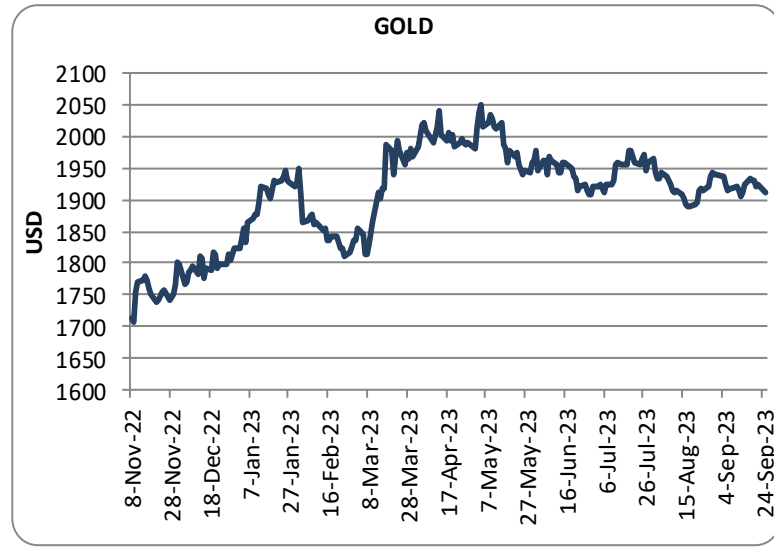
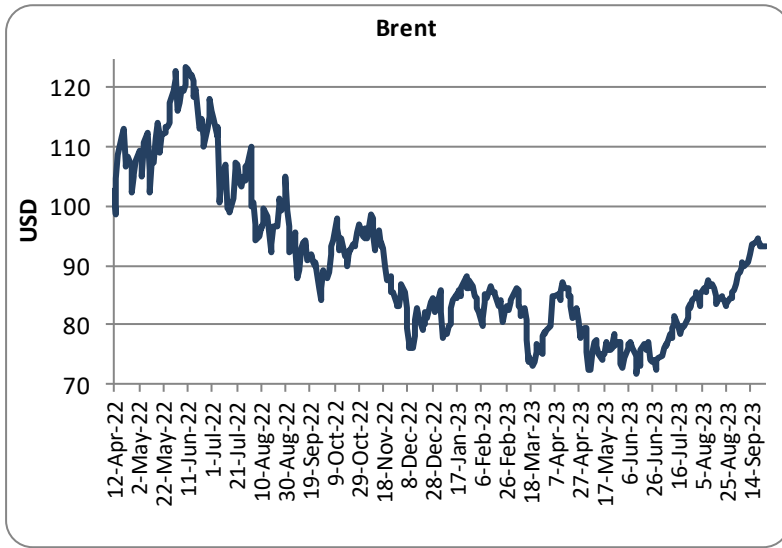
| EQUITY | | | |
|--------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 9199 | 10585 | -1387 |

| TOTAL (Rs. Crs) | | | |
|-----------------|----------------|-------------|----------------|
| | Gross Purchase | Gross Sales | Net Investment |
| | | | |
| | 9719 | 11043 | -1324 |

| INDICATORS | PERIOD | ACTUAL | PRIOR |
|-----------------------|--------|--------|-------|
| GDP Quaterly (%) | Jun-23 | 7.8 | 6.1 |
| CAD (\$ Bn) | Mar-23 | -1.3 | -16.8 |
| Trade Deficit (\$ Bn) | Mar-23 | -52.6 | -72.7 |
| WPI (%) | Aug-23 | -0.5 | -1.4 |
| CPI (%) | Aug-23 | 6.8 | 7.4 |
| IIP (%) | Jul-23 | 5.7 | 3.7 |
| PMI Manufacturing | Aug-23 | 58.6 | 57.7 |
| PMI Service | Aug-23 | 60.1 | 62.3 |

| Economic Calender | Country | Date | Poll | Prior |
|-------------------|-----------|---------------|--------|--------|
| CPI | Japan | 22-Sep-23 | 0 | 3.3 |
| Retail Sales | UK | 22-Sep-23 | (1.20) | (3.20) |
| BOJ Rate Decision | Japan | 22-Sep-23 | (0.10) | (0.10) |
| CPI | Germany | 28-Sep-23 | - | 6.10 |
| Unemployment Rate | Japan | 29-Sep-23 | - | 2.70 |
| Unemployment Rate | Euro Zone | 02-Oct-23 | - | 6.40 |
| Inflation | Indonesia | 2nd - 6th Oct | - | 3.27 |
| Unemployment rate | Canada | 2rd - 9th Oct | - | 5.50 |





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

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