



BONDWATCH

Daily

June 27, 2023

INDIA

Indian government bond yields ended steady on Tuesday, unmoved by the outcome of the state debt auction, as traders await fresh cues before building any new positions.

The benchmark 7.26% 2033 bond yield ended at 7.0611%, after closing at 7.0654% in the previous session. Amid stable interest rate environment, the benchmark yield will find strong support at 7.10% with limited scope to move upwards.

Twelve Indian states raised 224.50 billion rupees (\$2.74 billion) through the sale of bonds maturing in seven years to 30 years earlier in the day. The quantum was marginally lower than scheduled but four times what states raised last week.

Bond yields have remained elevated over the past few sessions, as the Indian and U.S. central banks kept interest rates unchanged but turned hawkish, raising inflation concerns and delaying rate-cut bets.

The Reserve Bank of India signaled monetary conditions will remain tight for some time as it looks to achieve the 4% inflation target. It remained status quo on rates at 6.50% for a second consecutive policy in June.

Meanwhile, the U.S. Federal Reserve warned of a half-percentage point hike in 2023, and Fed Chair Jerome Powell suggested rates could go higher. The odds of a rate hike in July stand at around 74%.

The Indian rupee strengthened 0.02% versus the U.S. dollar, and quoted at 82.02 per dollar on the back of broad move higher on Asian peers on signs that the Chinese central bank may be wary of the yuan's recent decline.

Repo: The weighted average call rates in the interbank segment increased to 6.82% vs 6.73% as on the previous day while that the TREP segment increased to 6.76% vs 6.74% as on the previous day.

GOI Yield	27-Jun	23-Jun	20-Jun	26-May
1 Year	6.860	6.890	6.900	6.895
5 Year	7.011	7.029	6.987	6.942
10 Year	7.061	7.073	7.058	7.008

AAA Bmk	27-Jun	23-Jun	20-Jun	26-May
1 Year	7.47	7.47	7.48	7.38
5 Year	7.56	7.56	7.45	7.43
10 Year	7.50	7.50	7.40	7.40

CD	27-Jun	23-Jun	20-Jun	26-May
3 Month	6.95	6.90	6.90	6.90
6 Month	7.20	7.12	7.12	7.25
1 Year	7.45	7.45	7.42	7.45

CP	27-Jun	23-Jun	20-Jun	26-May
3 Month	7.10	7.00	7.00	7.00
6 Month	7.30	7.25	7.25	7.35
1 Year	7.55	7.52	7.52	7.55

OIS Rate	27-Jun	23-Jun	20-Jun	26-May
1 Year	6.70	6.70	6.66	6.56
2 Year	6.38	6.41	6.36	6.23
3 Year	6.30	6.32	6.26	6.11
5 Year	6.25	6.27	6.19	6.08

	27-Jun	23-Jun	20-Jun	26-May
Sensex	63,416	62,979	63,328	62,502
Nifty	18,817	18,666	18,817	18,499
USD/INR	82.03	82.04	82.12	82.58
Gold (USD)	1,920	1,921	1,936	1,946
Oil (USD)	73.05	73.85	75.90	76.95

NDF	27-Jun	23-Jun	20-Jun	26-May
3 Month	82.25	82.19	82.23	82.91
1 Year	83.39	83.37	83.35	84.10
2 Year	85.65	85.43	85.40	86.21
3 Year	88.45	88.08	88.05	89.06

Market Observations

G-sec

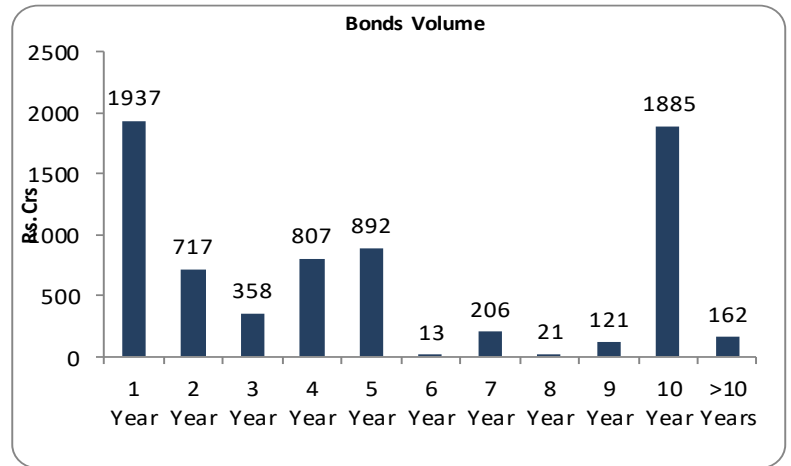
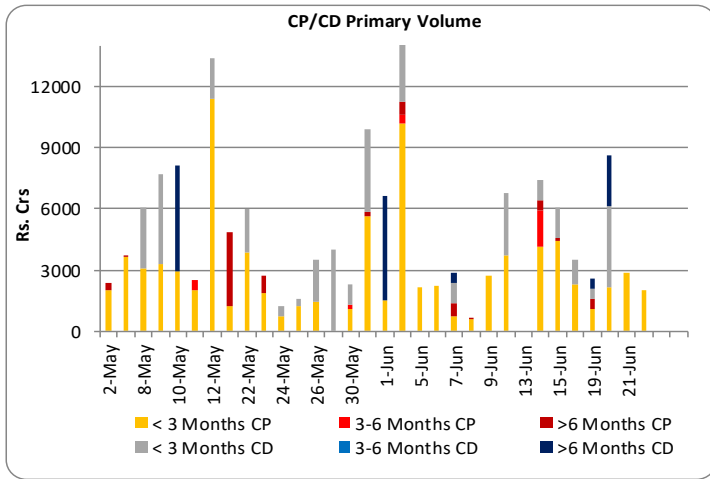
- Switches were reported in 2025 and 2026 maturity G-sec - major players were foreign banks.
- SDL cut off was in line with market expectations.
- Life Insurances and Mutual funds were sellers in 10-year SDL's.

Corporate Bonds

- 2025-26 segment was active
- Mutual funds were buyers in 2027 segment.

CP/CD

- Demand was seen across all the segments.
- Mutual funds were selling in the <1-year segment.



10 Year Benchmarks	27-Jun	23-Jun	20-Jun	26-May
India	7.06	7.07	7.06	7.00
US	3.73	3.74	3.73	3.82
South Korea	3.60	3.66	3.64	3.64
Russia	11.09	11.02	11.01	10.72
Brazil	10.98	10.98	11.23	11.65
Germany	2.30	2.36	2.41	2.54
China	2.70	2.71	2.72	2.72

Top Traded Securities	Volume	27-Jun	23-Jun	20-Jun	26-May
5.74 2026	1,045	7.01	#N/A	6.95	6.89
7.38 2027	-	7.01	7.03	6.99	6.94
7.10 2029	220	7.06	7.07	7.04	6.98
6.54 2032	-	7.11	7.12	7.11	7.06
7.26 2032	#VALUE!	7.10	7.11	7.10	7.05
7.54 2036	15	7.19	7.19	7.17	7.10

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
23-Jun-23	4553	4596	-43

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
23-Jun-23	8632	7848	784

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
23-Jun-23	13185	12444	740

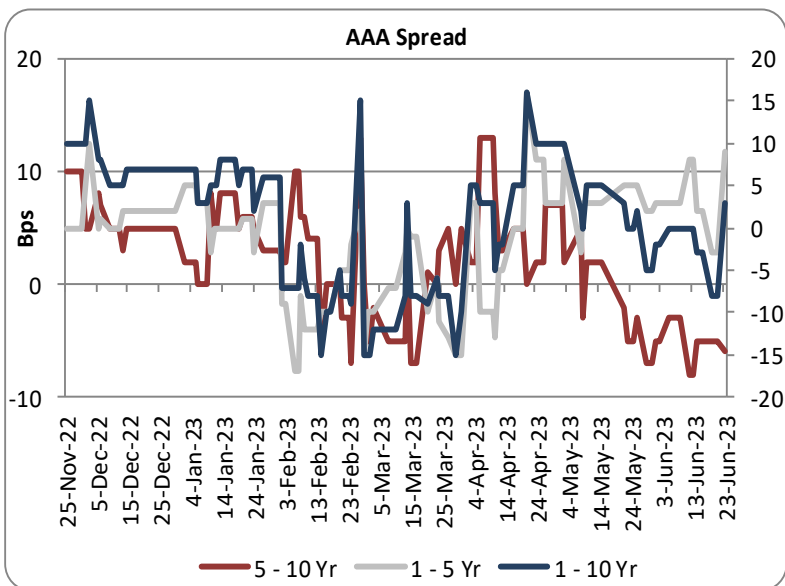
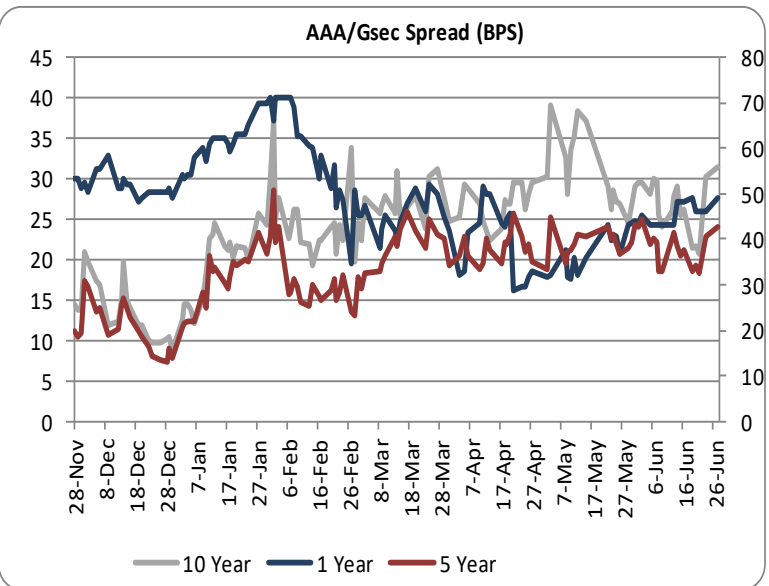
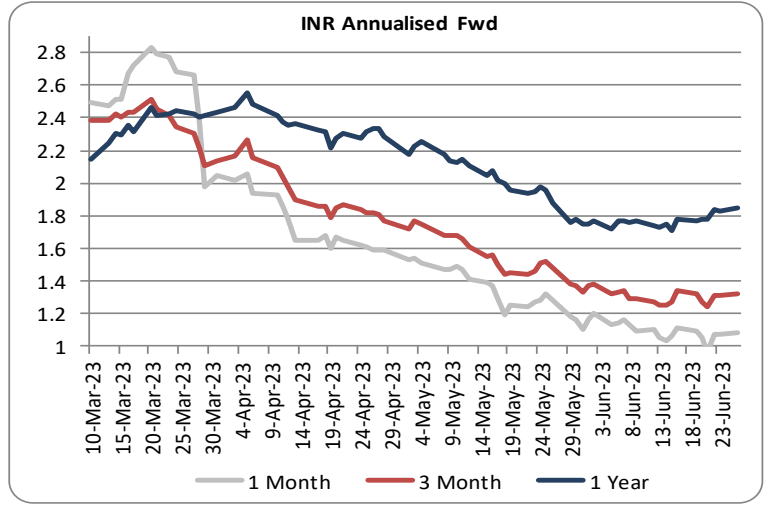
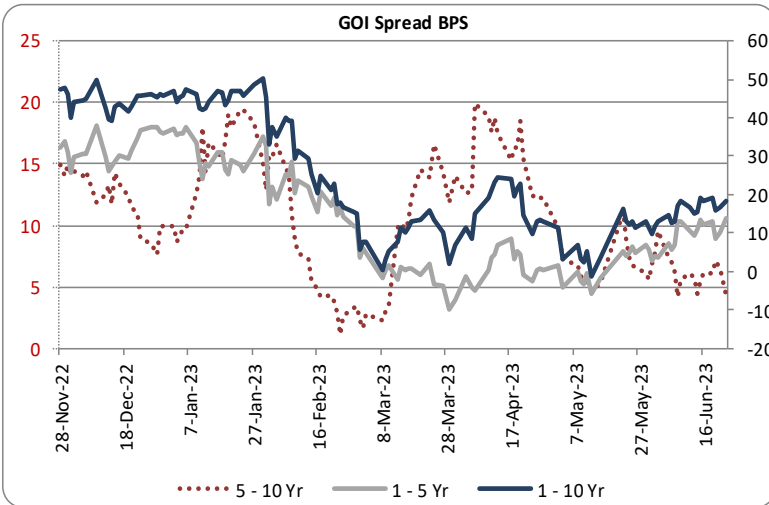
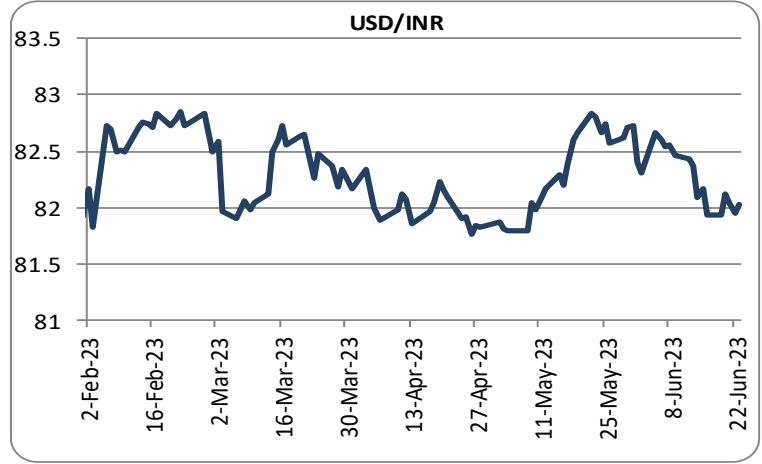
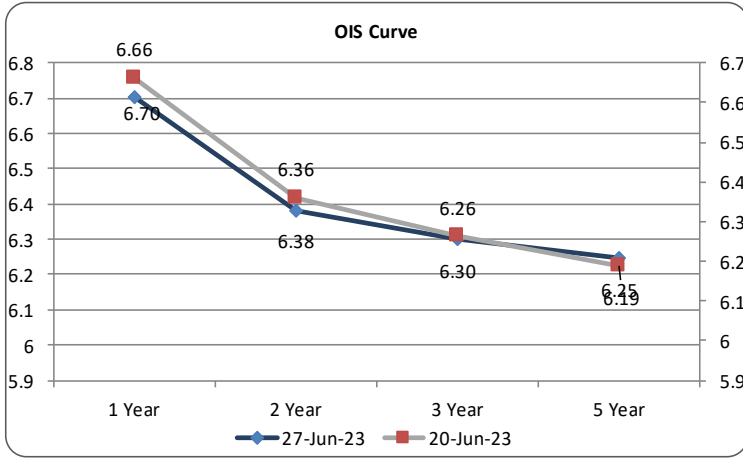
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
27-Jun-23	427	1221	-795

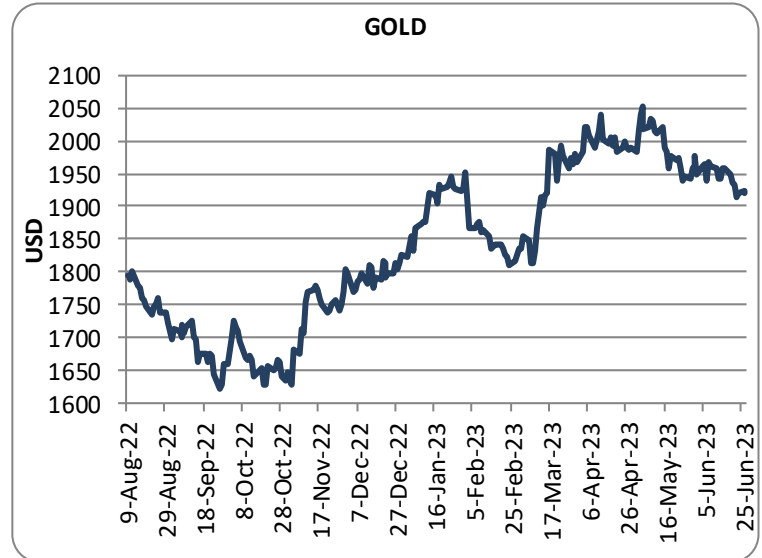
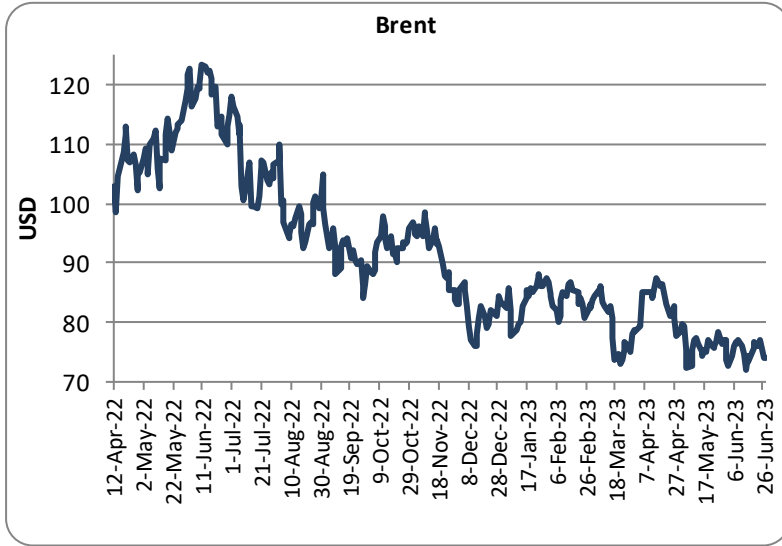
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
27-Jun-23	7685	8034	-349

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
27-Jun-23	8111	9255	-1144

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 (%)	May-23	-3.5	-0.9
CPI (%)	May-23	4.3	4.7
IIP (%)	Apr-23	4.2	1.1
PMI Manufacturing	May-23	58.7	57.2
PMI Service	May-23	61.2	62

Economic Calender	Country	Date	Poll	Prior
CPI	UK	21-Jun-23	8.5	8.7
Bank Rate	UK	22-Jun-23	4.75	4.50
CPI	Japan	23-Jun-23	-	3.50
Retail Sales	UK	23-Jun-23	(2.30)	(3.00)
Retail Sales	Japan	29-Jun-23	-	5.10
GDP Q1	USA	29-Jun-23	1.30	1.30
Industrial Output	South Korea	30-Jun-23	-	(8.90)
CPI	Japan	30-Jun-23	-	3.20





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

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