



BONDWATCH

Daily

INDIA

February 28, 2023

The 10-year benchmark 7.26% 2032 bond yield ended at 7.4623%, its highest since Nov. 4. It closed at 7.4533% on Monday.

Yields also remained under upward pressure as liquidity in the banking system was in deficit for the most part of the month, while inflation pressures persisted.

India's economic growth slowed further in the December quarter as a series of interest rate hikes by the country's central bank hurt demand and weakness in the manufacturing sector continued.

Asia's third largest economy recorded year-on-year growth of 4.4% in October-December, down from 6.3% in July-September, data released by the government on Tuesday showed. October-December growth was below a Reuters forecast of 4.6%.

India's manufacturing sector shrank by 1.1% year-on-year in the quarter, a second straight contraction reflecting weakness in consumer demand and exports.

External demand was weak as central banks globally continued monetary tightening to tame inflation.

A stronger-than-expected inflation reading for January has led to broader expectations of another RBI rate hike in April.

The Indian rupee strengthened 0.21% versus the U.S. dollar, and quoted at 82.67 per dollar as a decline in the dollar index allowed risk assets to recover slightly.

Repo: The weighted average call rates in the interbank segment decreased to 6.65% vs 6.67% on the previous day while that the TREP segment decreased to 6.60% vs 6.64% as on the previous day.

Market Observations

G-sec

- Yields ended largely unchanged on Tuesday as traders await economic growth data for the October-December quarter, due later in the day. The benchmark bond yield, however, posted its biggest monthly rise in five months in February amid uncertainty over interest rates and tightening liquidity conditions.

Corporate Bonds

- Market seen buying by MFs in 3-5yr bonds
- 3-5 yr PSU papers were active amongst insurances and MFs, while banks were on the sidelines.

CP/CD

- Major demand was witnessed in the 3month and 1yr segments.

GOI Yield	28-Feb	27-Feb	21-Feb	27-Jan
1 Year	7.310	7.300	7.160	6.900
5 Year	7.428	7.420	7.351	7.204
10 Year	7.462	7.453	7.388	7.387

AAA Bmk	28-Feb	27-Feb	21-Feb	27-Jan
1 Year	7.95	7.78	7.85	7.72
5 Year	7.80	7.80	7.80	7.75
10 Year	7.80	7.93	7.77	7.78

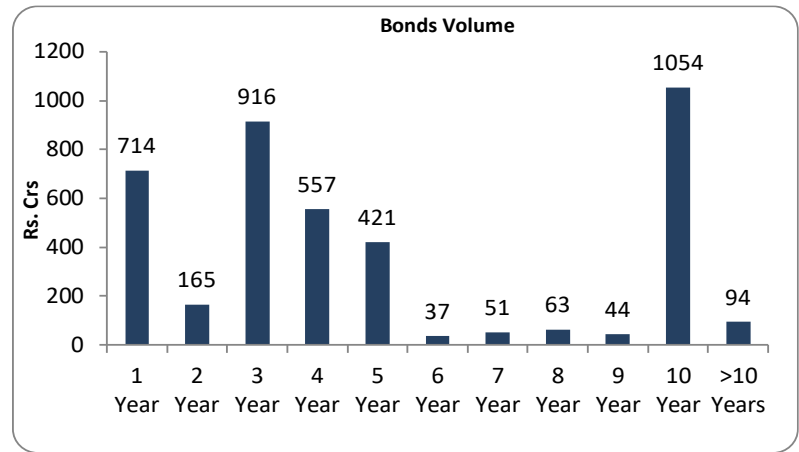
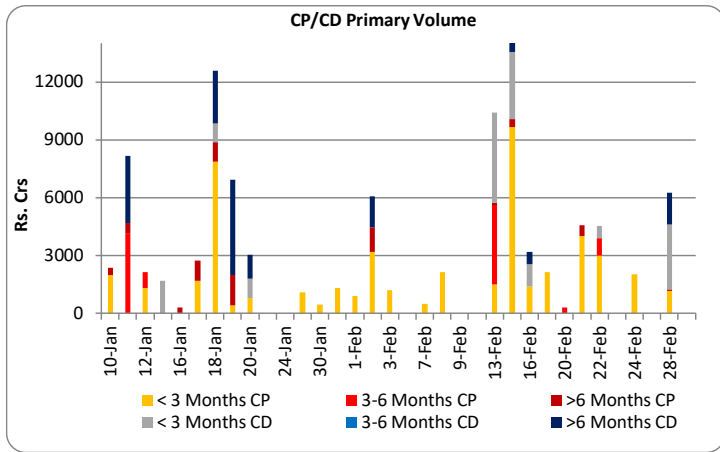
CD	28-Feb	27-Feb	21-Feb	27-Jan
3 Month	7.55	7.45	7.35	7.15
6 Month	7.75	7.70	7.65	7.55
1 Year	7.90	7.85	7.80	7.72

CP	28-Feb	27-Feb	21-Feb	27-Jan
3 Month	7.75	7.60	7.45	7.40
6 Month	7.90	7.85	7.75	7.85
1 Year	8.10	8.05	7.90	8.00

OIS Rate	28-Feb	27-Feb	21-Feb	27-Jan
1 Year	7.04	7.06	6.97	6.71
2 Year	6.78	6.80	6.67	6.33
3 Year	6.69	6.71	6.57	6.22
5 Year	6.69	6.72	6.58	6.22

	28-Feb	27-Feb	21-Feb	27-Jan
Sensex	58,962	59,288	60,673	59,331
Nifty	17,304	17,393	17,827	17,604
USD/INR	82.67	82.84	82.79	81.52
Gold (USD)	1,809	1,817	1,834	1,927
Oil (USD)	83.48	82.45	83.05	86.66

NDF	28-Feb	27-Feb	21-Feb	27-Jan
3 Month	83.13	83.21	83.33	82.06
1 Year	84.40	84.50	84.63	83.46
2 Year	86.44	86.45	86.41	85.56
3 Year	88.93	89.00	88.99	88.31



10 Year Benchmarks	28-Feb	27-Feb	21-Feb	27-Jan
India	7.46	7.45	7.39	7.39
US	3.95	3.92	3.95	3.52
South Korea	3.75	3.61	3.60	3.28
Russia	10.99	11.01	11.01	10.54
Brazil	13.36	13.36	13.25	13.20
Germany	2.65	2.59	2.54	2.25
China	2.91	2.92	2.92	2.99

Top Traded Securities	Volume	28-Feb	27-Feb	21-Feb	27-Jan
5.74 2026	340	7.40	7.40	7.31	7.15
7.38 2027	20	7.43	7.42	7.35	7.20
7.10 2029	-	7.45	7.44	7.38	7.33
6.54 2032	5	7.46	7.45	7.40	7.40
7.26 2032	-	7.46	7.45	7.39	7.39
7.54 2036	-	7.49	7.49	7.45	7.46

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
15-Feb-23	4351	4303	48

EQUITY		
Gross Purchase	Gross Sales	Net Investment
6384	6452	-69

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
10735	10756	-21

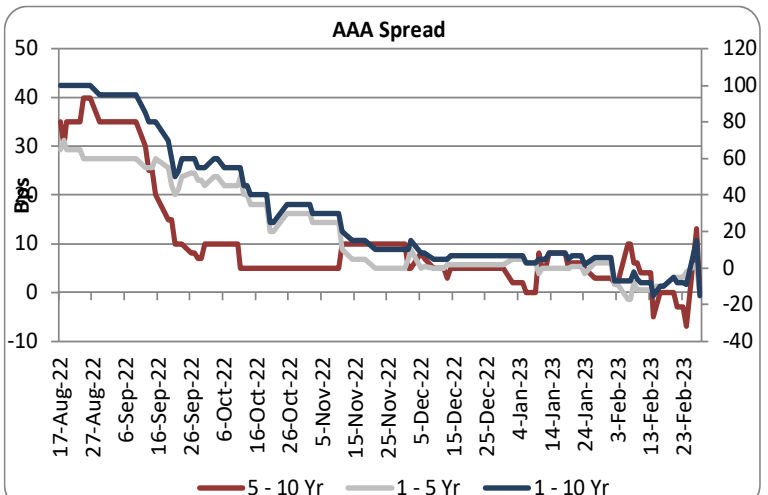
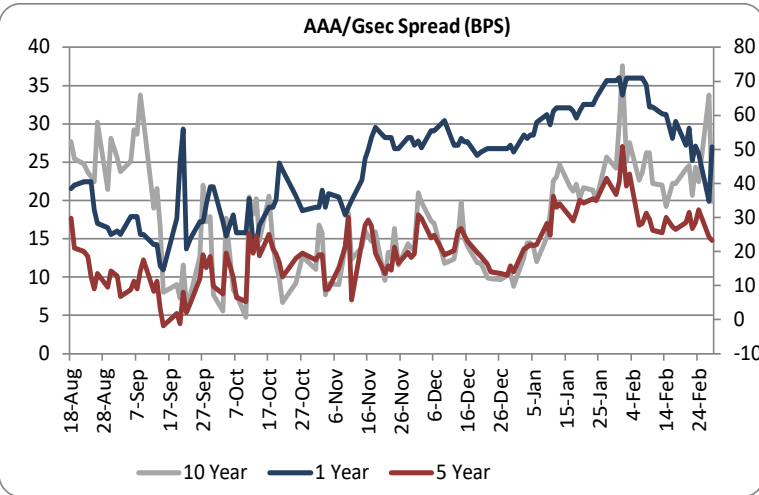
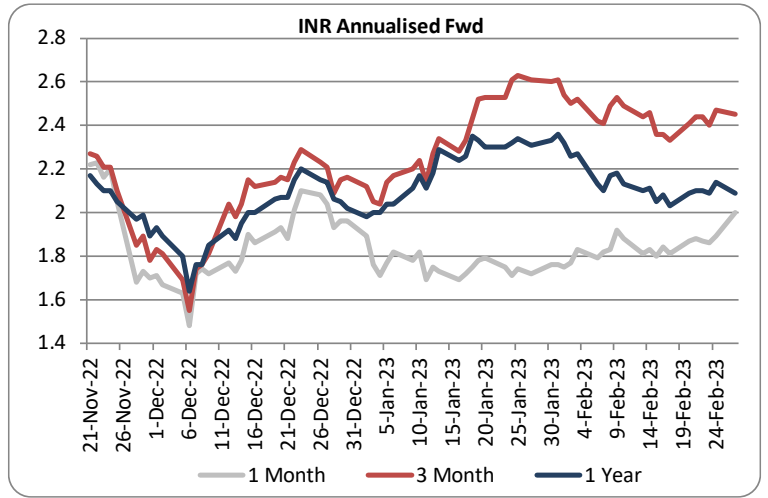
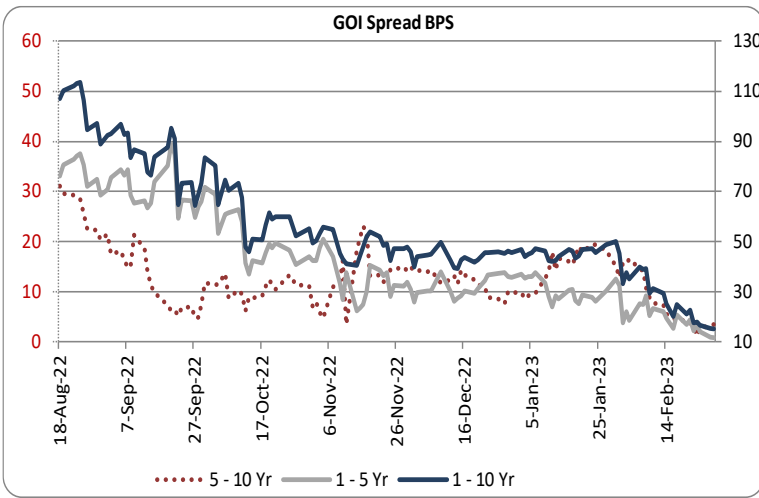
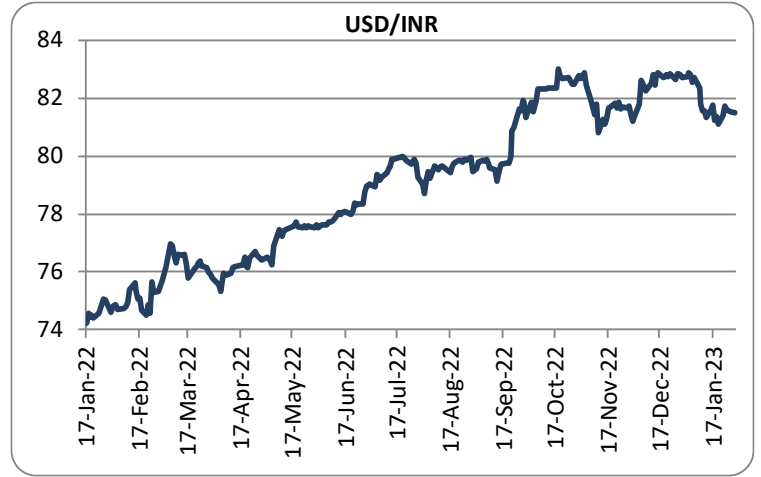
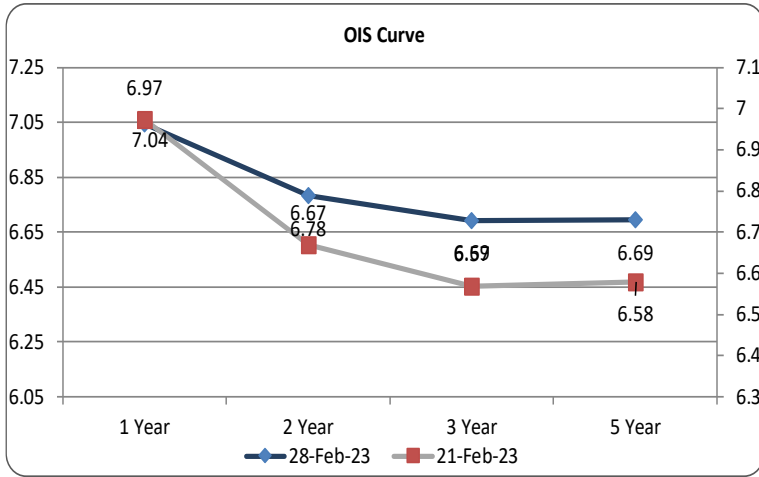
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
28-Feb-23	233	293	-60

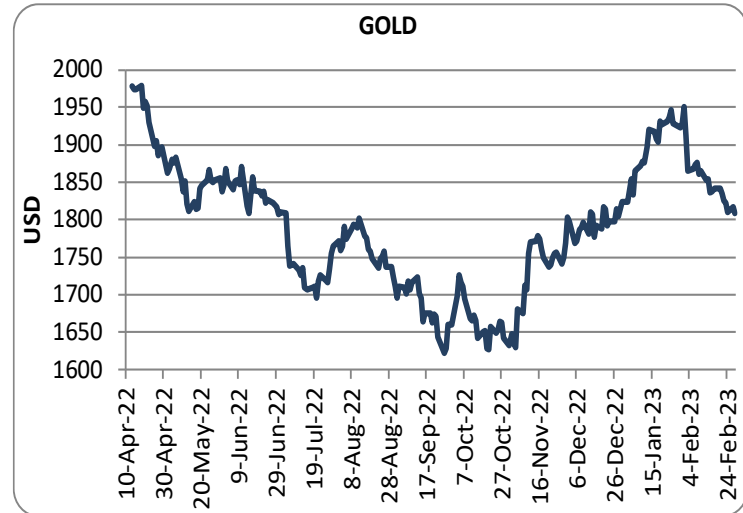
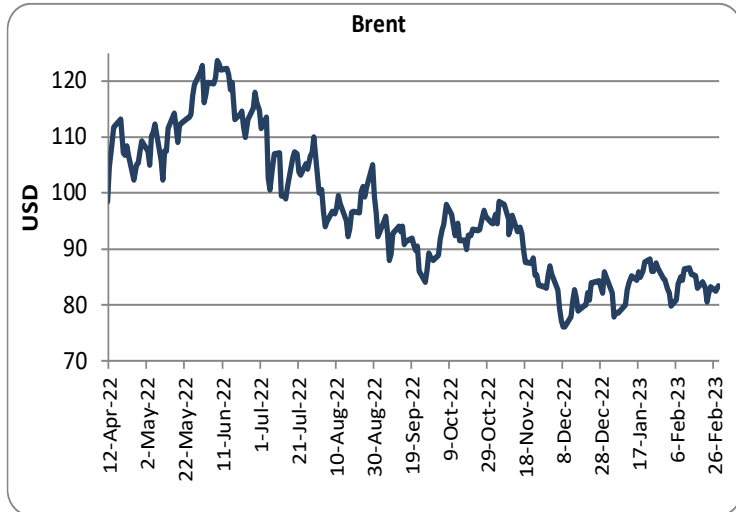
EQUITY		
Gross Purchase	Gross Sales	Net Investment
4422	6051	-1629

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
4656	6344	-1688

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-22	6.3	13.5
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Jan-23	4.7	5.0
CPI (%)	Jan-23	6.5	5.7
IIP (%)	Dec-22	4.3	7.1
PMI Manufacturing	Jan-23	55.4	57.8
PMI Service	Jan-23	57.2	58.5

Economic Calender	Country	Date	Poll	Prior
WPI	India	14-Feb-23	4.54	4.95
Unemployment Rate	UK	14-Feb-23	3.70	3.70
CPI	USA	14-Feb-23	6.20	6.50
CPI	UK	15-Feb-23	10.20	10.50
Industrial Output	Poland	20-Feb-23	4.30	-
Exports	Thailand	28-Feb-23	-	(12.90)
Imports	Thailand	28-Feb-23	-	(10.50)
GDP	Switzerland	28-Feb-23	-	0.50





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

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