



BONDWATCH

INDIA

Daily

July 28, 2023

Indian government bond yields tracked a spike in U.S. peers on Friday, with the benchmark bond yield posting its biggest single-session rise in nearly a month as the government's debt auction added to fresh supply.

The benchmark 7.26% 2033 bond yield ended at 7.1614%, compared to its previous close of 7.1227%. The yield rose 8 basis points for the week, its biggest such move since the week ended February 10.

Traders remain wary of a spike in local retail inflation as well as constant supply amid waning appetite. Worries about rising local retail inflation and elevated U.S. yields has led to sharp selling in bonds.

U.S. yields jumped on Thursday, with the 10-year rising above 4% handle, after robust data showed the world's largest economy is on a solid footing, defying fears of a recession despite the Federal Reserve's aggressive tightening.

Earlier this week, the Fed raised interest rates by a widely expected 25 basis points (bps) and indicated another increase, but the market was not convinced by it. The odds of such a move are just 20%.

India's retail inflation jumped to 4.81% in June, after easing in the previous four months. Economists expect the July reading to rise above 6%, at the upper end of the RBI's medium-term target, possibly forcing the central bank to turn more hawkish.

The Indian rupee weakened 0.39% versus the U.S. dollar, and quoted at 82.24 per dollar, seeing its worst session in two months on a broad dollar surge, while seeing its first weekly drop in three.

Repo: The weighted average call rates in the interbank segment decreased to 6.48% vs 6.37% as on the previous day while that the TREP segment increased to 6.54% vs 6.27% as on the previous day.

Market Observations

G-sec

- 10-year G-sec opened at 7.16 level got given by 4bps from yesterday's closing level following US treasury yield which got given by almost 10bps.
- Demand was seen in 1 and 2 months T-bills by mutual funds @6.60 and 6.65 levels respectively.

Corporate Bonds

- Major selling was seen throughout 2025-2028 segment and also in the 10-year segment.
- All market participants were seen selling across all segments.

CP/CD

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

GOI Yield	28-Jul	27-Jul	20-Jul	27-Jun
1 Year	6.880	6.860	6.860	6.860
5 Year	7.149	7.111	7.057	7.011
10 Year	7.161	7.123	7.083	7.061

AAA Bmk	28-Jul	27-Jul	20-Jul	27-Jun
1 Year	7.35	7.35	7.35	7.47
5 Year	7.60	7.55	7.51	7.56
10 Year	7.52	7.53	7.50	7.50

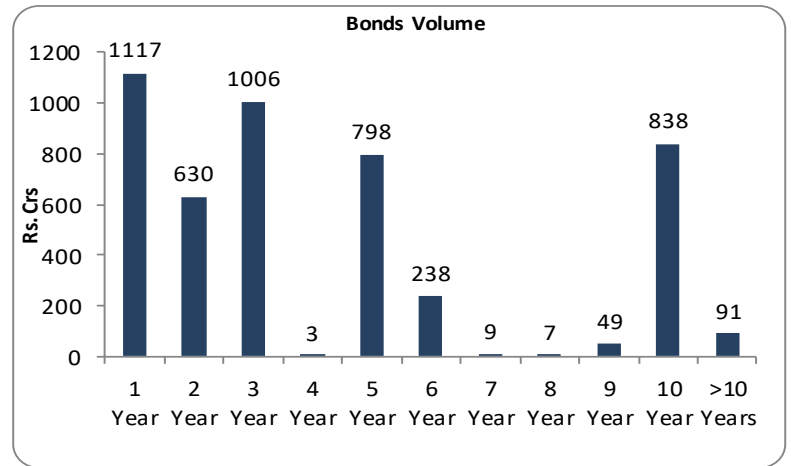
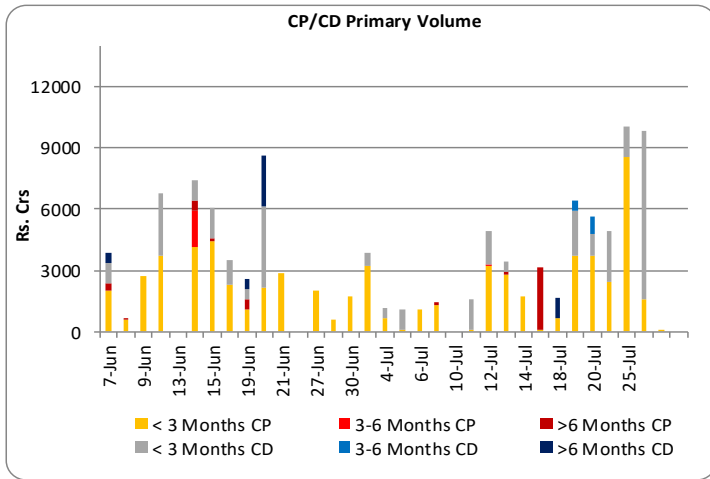
CD	28-Jul	27-Jul	20-Jul	27-Jun
3 Month	6.95	6.95	6.95	6.95
6 Month	7.20	7.15	7.18	7.20
1 Year	7.45	7.45	7.45	7.45

CP	28-Jul	27-Jul	20-Jul	27-Jun
3 Month	7.10	7.10	7.10	7.10
6 Month	7.30	7.28	7.28	7.30
1 Year	7.55	7.55	7.60	7.55

OIS Rate	28-Jul	27-Jul	20-Jul	27-Jun
1 Year	6.87	6.82	6.78	6.70
2 Year	6.64	6.54	6.47	6.38
3 Year	6.53	6.47	6.37	6.30
5 Year	6.50	6.38	6.29	6.25

	28-Jul	27-Jul	20-Jul	27-Jun
Sensex	66,160	66,267	67,572	63,416
Nifty	19,646	19,660	19,979	18,817
USD/INR	82.25	81.93	81.99	82.03
Gold (USD)	1,957	1,945	1,970	1,913
Oil (USD)	83.88	84.24	79.64	72.26

NDF	28-Jul	27-Jul	20-Jul	27-Jun
3 Month	82.44	82.61	82.31	82.23
1 Year	83.47	83.69	83.48	83.42
2 Year	85.61	85.77	85.56	85.52
3 Year	88.63	88.44	88.21	88.17



10 Year Benchmarks	28-Jul	27-Jul	20-Jul	27-Jun
India	7.16	7.12	7.08	7.06
US	3.96	4.01	3.85	3.77
South Korea	3.73	3.64	3.60	3.60
Russia	11.45	11.43	11.46	11.08
Brazil	11.00	10.92	10.92	10.96
Germany	2.43	2.44	2.45	2.37
China	2.69	2.68	2.66	2.70

Top Traded Securities	Volume	28-Jul	27-Jul	20-Jul	27-Jun
5.74 2026	300	7.13	7.10	7.05	7.01
7.38 2027	-	7.15	7.11	7.06	7.01
7.10 2029	-	7.17	7.14	7.09	7.06
6.54 2032	10	7.20	7.16	7.13	7.11
7.26 2032	#VALUE!	7.19	7.15	7.12	7.10
7.54 2036	-	7.26	7.22	7.19	7.19

DEBT			
	Gross Purchase	Gross Sales	Net Investment
MF			
13-Jul-23	3129	3066	63

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	2563	2128	435

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	5691	5193	498

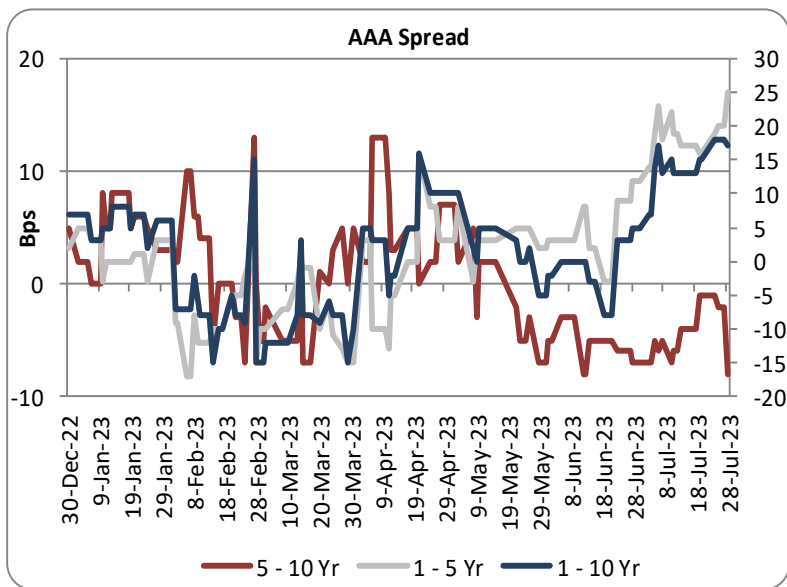
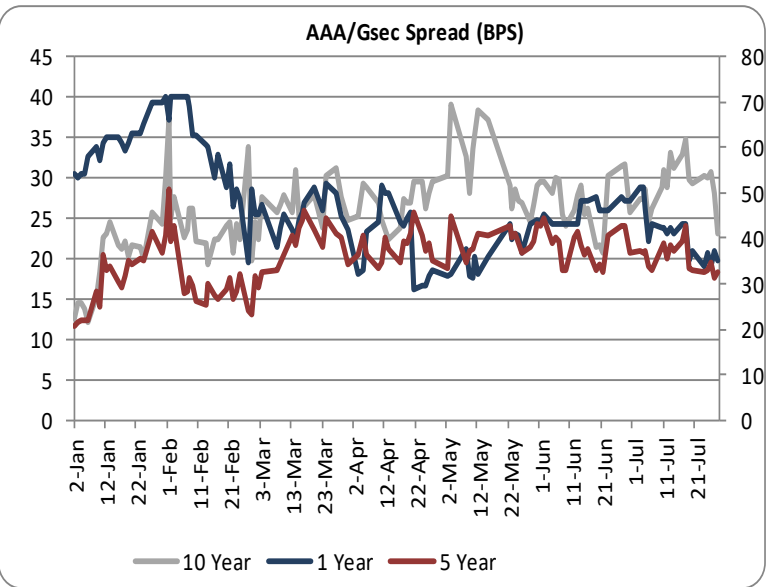
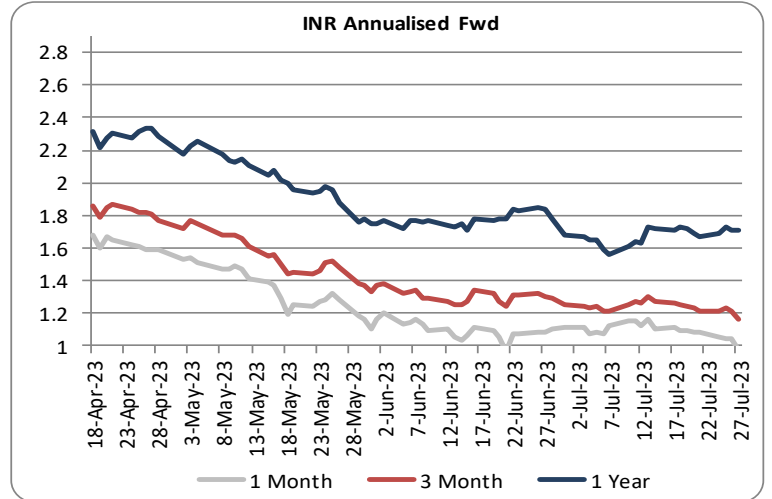
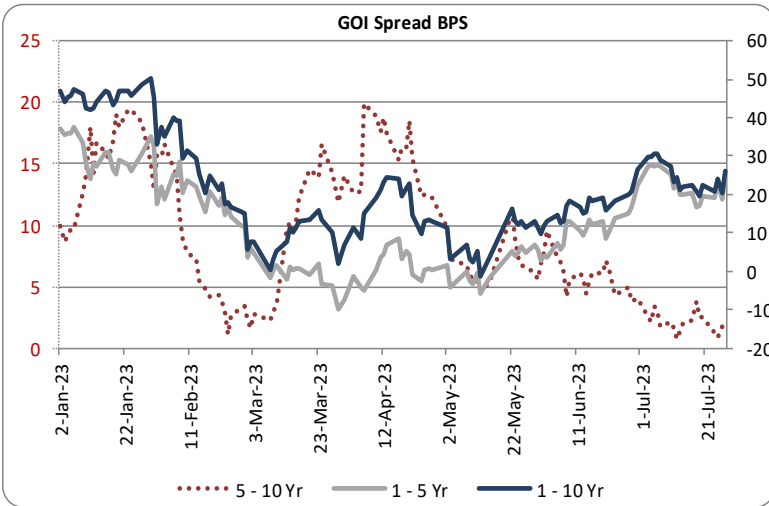
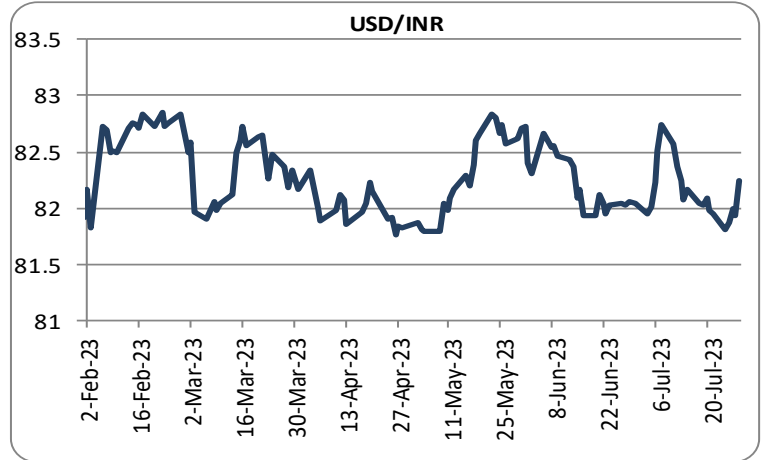
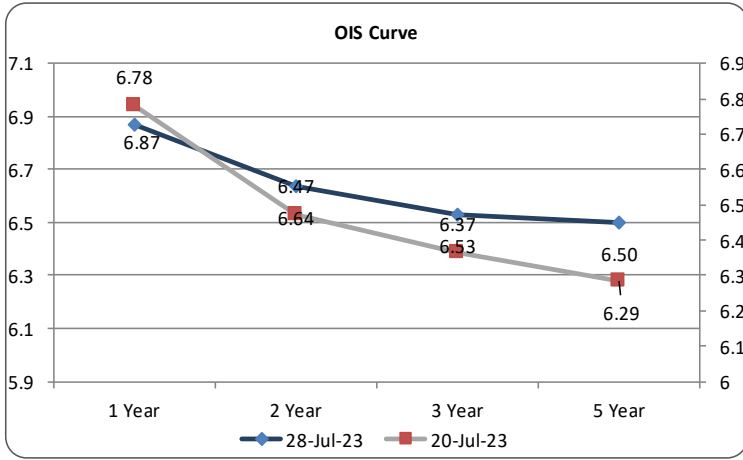
DEBT			
	Gross Purchase	Gross Sales	Net Investment
FII			
28-Jul-23	686	427	259

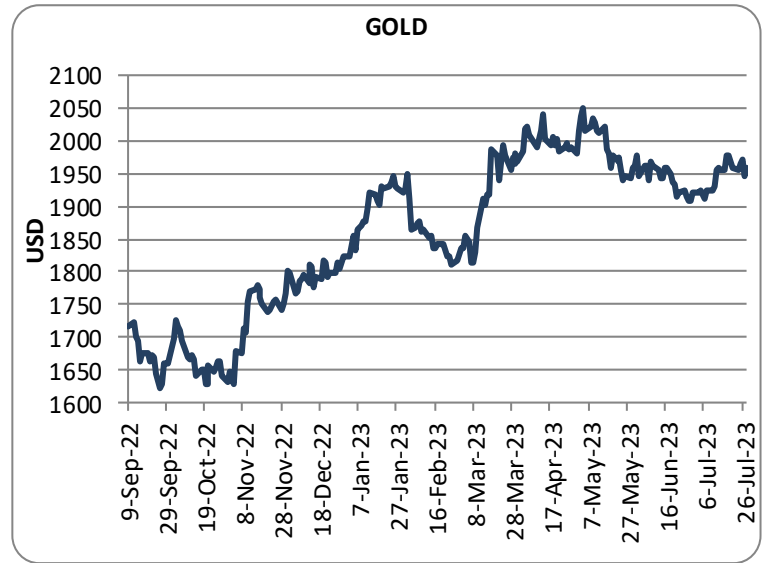
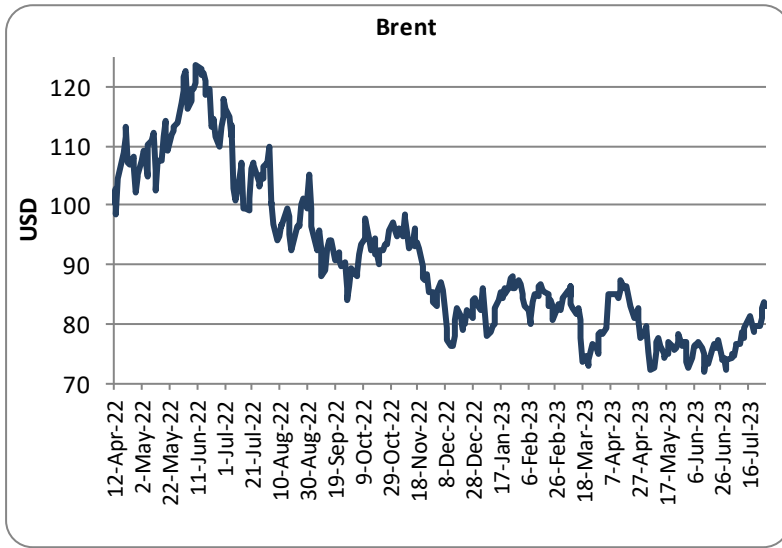
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	14766	16016	-1250

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	15452	16443	-991

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 (%)	Jun-23	-4.1	-3.5
CPI (%)	Jun-23	4.8	4.3
IIP (%)	May-23	5.2	4.2
PMI Manufacturing	Jun-23	57.8	58.7
PMI Service	Jun-23	58.5	61.2

Economic Calender	Country	Date	Poll	Prior
CPI	Australia	26-Jul-23	0	7
Fed Funds Rate	USA	26-Jul-23	5.25-5.5	5-5.25
GDP Q2	USA	27-Jul-23	1.80	2.00
Industrial Output	Japan	28-Jul-23	-	(7.30)
CPI	Germany	28-Jul-23	-	6.40
GDP Q2	Germany	31-Jul-23	-	(0.20)
CPI	Poland	31-Jul-23	-	11.50
GDP Q2	Euro Zone	31-Jul-23	-	1.00





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

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