



INDIA

- ❖ The benchmark 6.10% bond maturing in 2031 ended at 97.46 rupees, yielding 6.46%, compared with 97.34 and a 6.48% yield yesterday. The 10-year yield had touched 6.50% yesterday, the highest since Apr.13, 2020.
- ❖ Speculation regarding a liquidity-neutral twist operation rose after the central bank devolved over 30% of last Friday's government debt issuance on primary dealers, which investors broadly interpreted as an indication of the central bank's discomfort over rising bond yields.
- ❖ The RBI generally purchases longer-tenor notes and sells the same quantum of shorter-maturity papers simultaneously to cool yields at the longer end of the yield curve.
- ❖ Earlier this week, market sentiment was spooked after the government continued issuance of the benchmark paper, despite the issuance size being close to 1.50 trillion rupees, the ad hoc limit at which it typically stops selling a particular security.
- ❖ The Govt. plans to sell bonds worth 240 billion rupees on Friday, including 130 billion rupees of the 2031 note. The proposed issuance will increase the outstanding of the 2031 security to 1.61 trillion rupees. The federal government seeks to borrow a gross 12.05 trillion rupees in this fiscal year via bonds.
- ❖ The central bank has started unwinding some of its extraordinary pandemic-era steps in this quarter, including withdrawing surplus cash from the local banking system. Banks have parked 6.17 trillion rupees with the central bank under the variable rate reverse repo auctions, and the central bank aims to conduct a 14-day VRRR worth 7.50 trillion rupees on Friday.
- ❖ Meanwhile, the benchmark Brent crude contract rose 0.1% to \$79 a barrel, extending this week's 3.60% gain, amid bets that the Omicron variant will not have any major impact on fuel demand.
- ❖ The Indian rupee fell against the U.S. currency for the first time in eight sessions, tracking losses in most Asian peers and on worries over constantly rising oil prices. The rupee was quoted at 74.74 at 3:30 p.m. against the dollar as compared with 74.65 yesterday. The local unit had risen for the last seven consecutive sessions, gaining 1.9%.
- ❖ Repo: The weighted average call rates in the interbank segment increased to 3.28% vs 3.25% as on previous day, while that in the TREP segment decreased to 3.36% vs 3.50% as on previous day.

Market Observations

G-sec

- Yields eased amid heightened expectations that the central bank might announce a liquidity-neutral twist operation this week that will aid in lowering yields.

Corporate Bonds

- Activity was witnessed across all segments.

CP

- The 3 month segment was most active.

CD

- The 3 month maturity papers were in demand.

GOI Yield	29-Dec	28-Dec	23-Nov	1-Dec
1 Year	4.230	4.250	4.070	4.120
5 Year	5.806	5.807	5.697	5.680
10 Year	6.461	6.477	6.365	6.353

AAA Bmk	29-Dec	28-Dec	23-Nov	1-Dec
1 Year	4.65	4.65	4.35	4.50
5 Year	6.15	6.15	6.00	6.00
10 Year	6.90	6.90	6.87	6.83

CD	29-Dec	28-Dec	23-Nov	1-Dec
3 Month	3.60	3.60	3.65	3.65
6 Month	3.95	3.95	3.95	3.95
1 Year	4.50	4.50	4.40	4.40

CP	29-Dec	28-Dec	23-Nov	1-Dec
3 Month	4.20	4.20	4.20	4.00
6 Month	4.70	4.70	4.60	4.55
1 Year	4.90	4.90	4.90	4.85

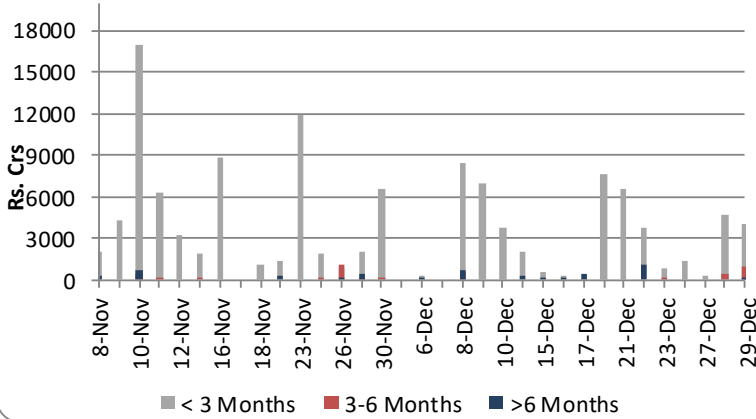
OIS Rate	29-Dec	28-Dec	23-Nov	1-Dec
1 Year	4.35	4.37	4.38	4.24
2 Year	4.84	4.86	4.89	4.74
3 Year	5.11	5.12	5.18	5.02
5 Year	5.39	5.35	5.51	5.33

	29-Dec	28-Dec	23-Nov	1-Dec
Sensex	57,806	57,897	58,664	57,685
Nifty	17,214	17,233	17,503	17,167
USD/INR	74.74	74.65	74.42	74.91
Gold (USD)	1,796	1,805	1,790	1,783
Oil (USD)	78.65	78.94	82.31	68.87

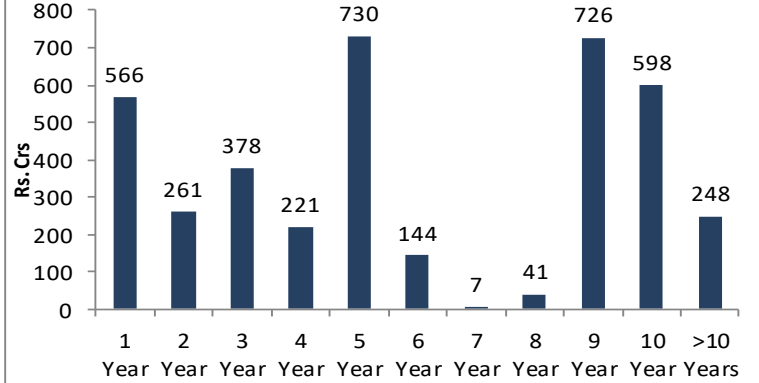
NDF	29-Dec	28-Dec	23-Nov	1-Dec
3 Month	75.43	75.31	75.18	75.79
1 Year	78.08	78.22	77.94	78.52
2 Year	81.65	81.78	81.73	82.31
3 Year	85.49	85.61	85.51	86.10



CP Primary Volume



Bonds Volume



10 Year Benchmarks	29-Dec	28-Dec	23-Nov	1-Dec
India	6.46	6.48	6.36	6.35
US	1.49	1.48	1.68	1.40
South Korea	2.18	2.20	2.40	2.18
Russia	8.43	8.42	8.66	8.35
Brazil	10.73	10.31	11.66	11.46
Germany	-0.23	-0.24	-0.23	-0.33
China	2.79	2.81	2.92	2.88

Top Traded Securities	Volume	29-Dec	28-Dec	23-Nov	1-Dec
5.15 GOI 2025	1,800	5.66	5.67	5.45	5.44
5.63 GOI 2026	750	5.81	5.81	5.70	5.68
5.74 GOI 2026	4,490	5.86	5.87	5.74	5.72
6.10 GOI 2031	335	6.46	6.48	6.36	6.35
6.64 GOI 2035	-	6.90	6.93	6.79	6.77
6.67 GOI 2035	10	6.89	6.91	6.77	6.75

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
22-Dec-21	2908	1959	949

EQUITY		
Gross Purchase	Gross Sales	Net Investment
2311	1732	579

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
5219	3691	1528

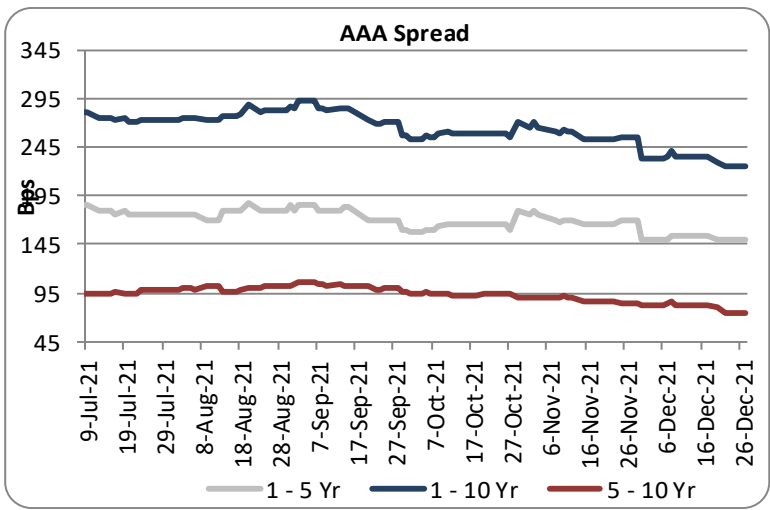
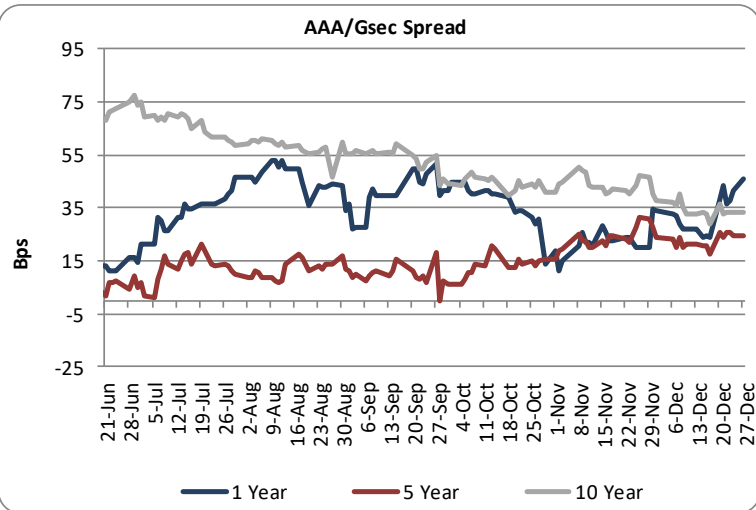
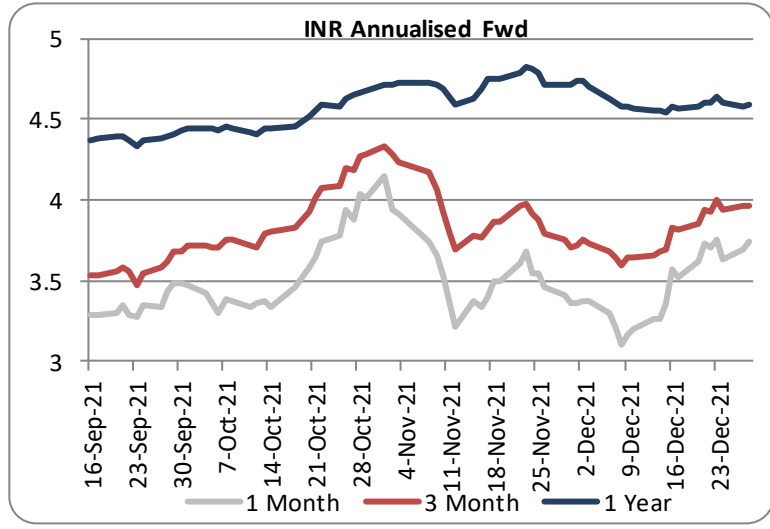
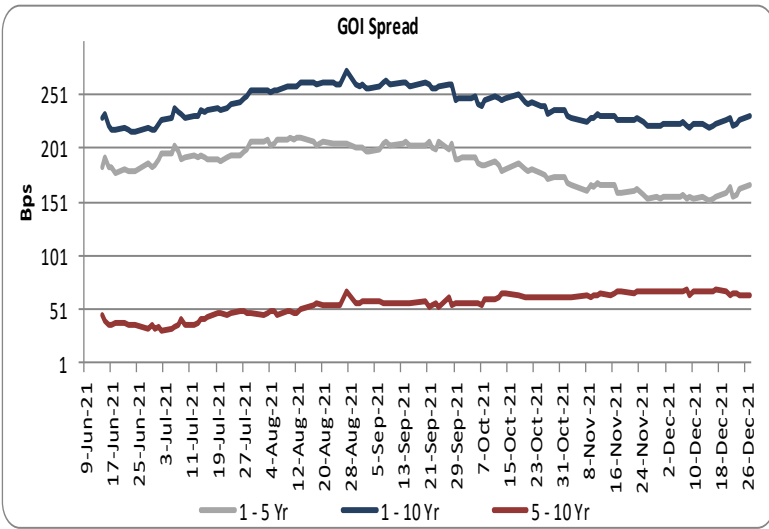
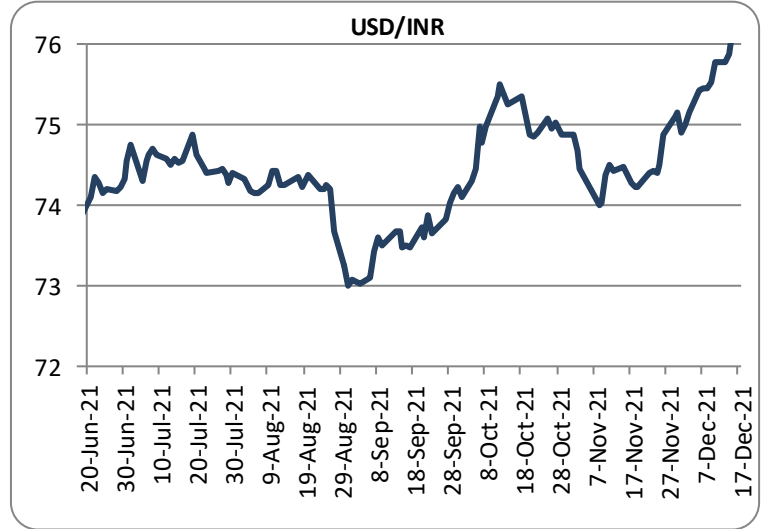
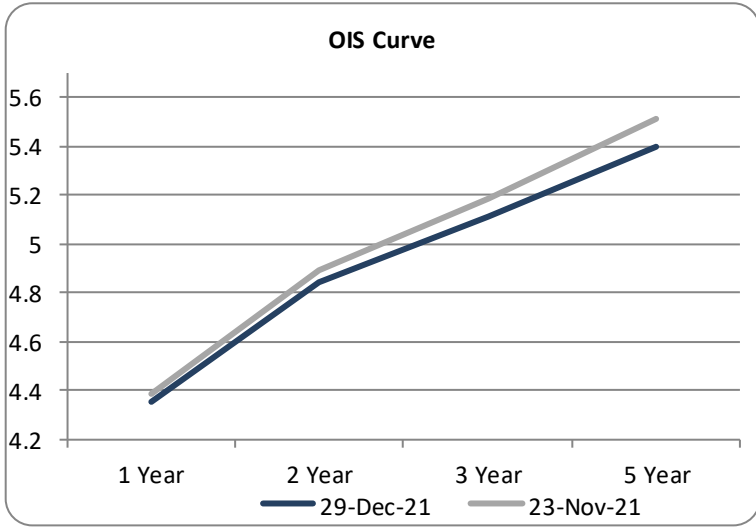
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
29-Dec-21	98	912	-814

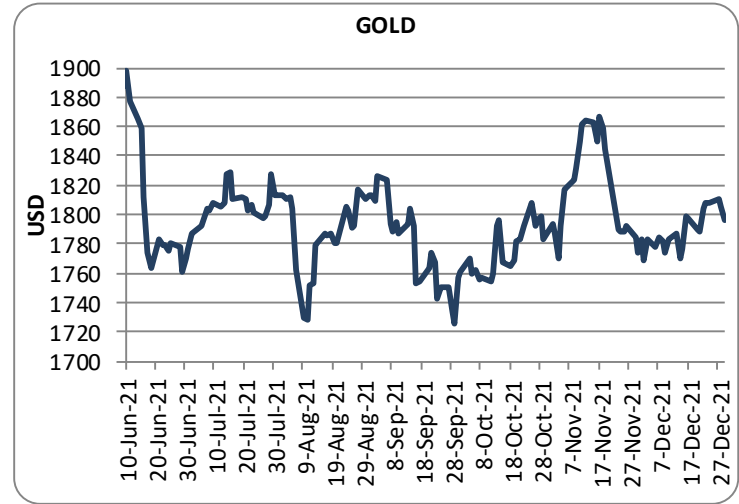
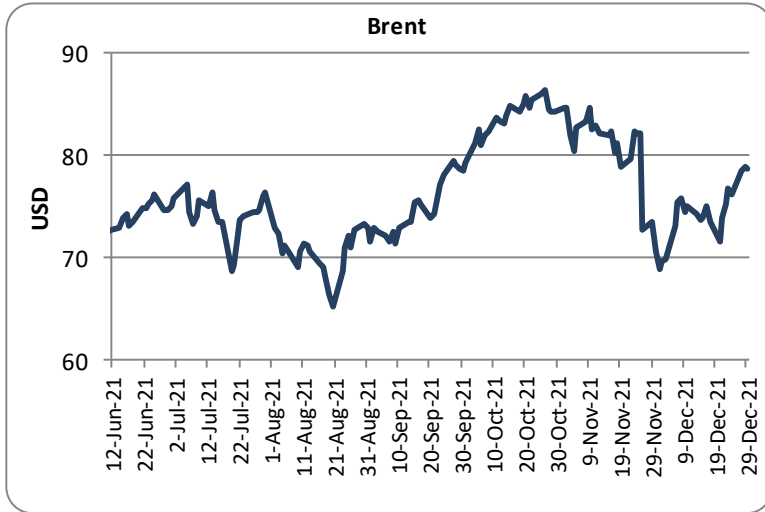
EQUITY		
Gross Purchase	Gross Sales	Net Investment
4855	3225	1630

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
4953	4138	816

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quarterly (%)	Sep-21	8.4	20.1
CAD (\$ Bn)	Jun-21	6.5	-8.1
Trade Deficit (\$ Bn)	Jun-21	-30.7	-41.7
WPI (%)	Nov-21	14.2	12.5
CPI (%)	Nov-21	4.9	4.5
IIP (%)	Oct-21	3.2	3.3
PMI Manufacturing	Nov-21	57.6	55.9
PMI Service	Nov-21	58.1	58.4

Economic Calender	Country	Date	Poll	Prior
Unemployment Rate	Japan	28-Dec-21	2.70	2.70
Unemployment Rate	Russia	29-Dec-21	-	4.30
Industrial Output	South Korea	30-Dec-21	3.20	4.50
Industrial Output	Brazil	06-Jan-22	-	(7.80)
Retail Sales	Euro Zone	07-Jan-22	5.60	1.40
CPI	China	10-Jan-22	-	2.30
Unemployment Rate	Euro Zone	10-Jan-22	-	7.30
CPI	Russia	10-Jan-22	8.20	8.40





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

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