



BONDWATCH

Daily

INDIA

March 29, 2023

Indian government bond yields ended lower on Wednesday, with the benchmark bond yield dropping to its lowest level in two months, as mutual funds stepped up bond purchases ahead of a taxation change from next week.

The 10-year benchmark 7.26% 2032 bond yield ended at 7.2897%, the lowest level since Feb. 3, after closing at 7.3240% on Tuesday.

Indian mutual funds are seeing a spurt in inflows into debt-oriented schemes as, effective April 1, India will begin taxing investments in debt mutual funds as short-term capital gains.

Funds have been witnessing outflows into liquid schemes, leading to weak participation at the 91-day Treasury bill sale on Wednesday and forcing the Reserve Bank of India (RBI) to cancel the auction. This was the first time since February 2016 that the central bank has not accepted any bids for 91-day T-bills.

India aims to gross borrow a record 15.43 trillion rupees (\$187.54 billion) via bonds in the next financial year. Market participants expect the borrowing to be between 55% and 58% of this target.

The borrowing calendar is likely to be announced by Friday evening, with the RBI decision expected on April 6.

The Indian rupee weakened 0.18% versus the U.S. dollar, and quoted at 82.3375 per dollar, with its Asian peers were mixed amid a rebound in Treasury yields that supported the dollar index.

Repo: The weighted average call rates in the interbank segment increased to 6.72% vs 6.63% as on the previous day while that the TREP segment increased to 6.77% vs 6.7% as on the previous day.

Market Observations

G-sec

- Market was active throughout all segments.
- RBI did not accept any bids in the 3month T-Bill auction. Cut off in 6 months T-Bill was 4-5 bps above market expectations.
- Demand was seen in 5 to 10yr maturity SDLs.
- Demand was seen in 30- and 40-year GSec by Life Insurance companies at 7.39 centric levels

Corporate Bonds

- Major activity in 3year segments which was dominated by Mutual Funds and Banks.
- 3-to-5-year bonds saw insurances selling and banks buying.

CP/CD

- Demand was seen in the 1 month and longer end segment.

GOI Yield	29-Mar	27-Mar	20-Mar	1-Mar
1 Year	7.270	7.200	7.200	7.360
5 Year	7.171	7.161	7.190	7.395
10 Year	7.290	7.304	7.336	7.418

AAA Bmk	29-Mar	27-Mar	20-Mar	1-Mar
1 Year	7.85	7.83	7.84	7.95
5 Year	7.70	7.70	7.74	7.85
10 Year	7.70	7.75	7.75	7.80

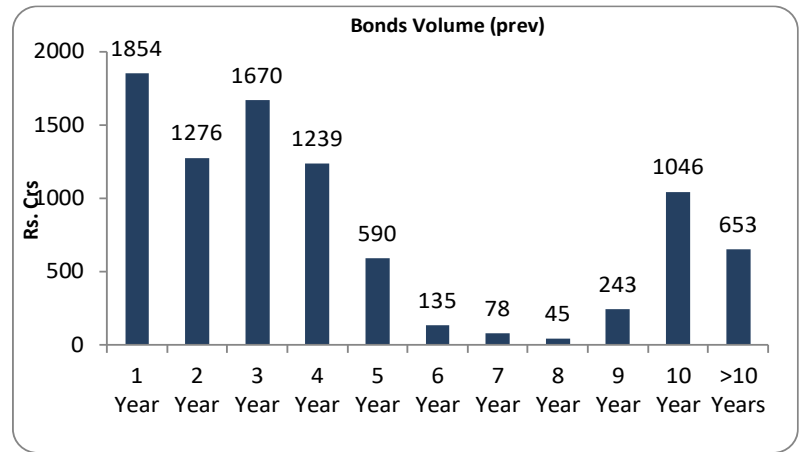
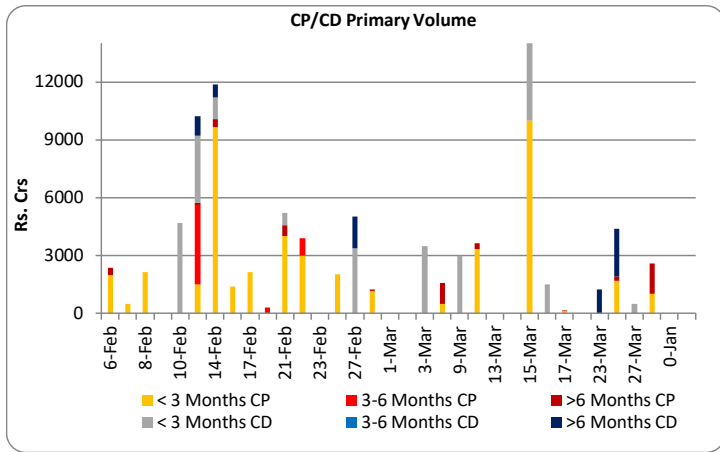
CD	29-Mar	27-Mar	20-Mar	1-Mar
3 Month	7.50	7.50	7.35	7.60
6 Month	7.74	7.74	7.60	7.75
1 Year	7.78	7.78	7.80	7.90

CP	29-Mar	27-Mar	20-Mar	1-Mar
3 Month	7.60	7.60	7.45	7.85
6 Month	7.84	7.84	7.70	7.90
1 Year	7.88	7.88	7.90	8.10

OIS Rate	29-Mar	27-Mar	20-Mar	1-Mar
1 Year	6.80	6.74	6.68	7.04
2 Year	6.36	6.30	6.26	6.77
3 Year	6.26	6.22	6.23	6.70
5 Year	6.26	6.23	6.22	6.68

	29-Mar	27-Mar	20-Mar	1-Mar
Sensex	57,960	57,654	57,629	59,411
Nifty	17,081	16,986	16,988	17,451
USD/INR	82.34	82.37	82.64	82.50
Gold (USD)	1,967	1,957	1,979	1,837
Oil (USD)	79.50	78.12	73.79	84.31

NDF	29-Mar	27-Mar	20-Mar	1-Mar
3 Month	82.77	82.71	83.07	82.95
1 Year	84.30	84.23	84.54	84.26
2 Year	86.67	86.40	87.10	86.21
3 Year	89.61	89.74	89.90	88.73



10 Year Benchmarks	29-Mar	27-Mar	20-Mar	1-Mar
India	7.29	7.31	7.33	7.43
US	3.56	3.53	3.48	4.00
South Korea	3.29	3.26	3.31	3.75
Russia	10.32	11.16	11.19	11.00
Brazil	13.04	12.91	13.05	13.48
Germany	2.29	2.23	2.10	2.71
China	2.87	2.86	2.86	2.91

Top Traded Securities	Volume	29-Mar	27-Mar	20-Mar	1-Mar
5.74 2026	710	7.17	7.15	7.19	7.39
7.38 2027	15	7.17	7.16	7.19	7.40
7.10 2029	260	7.21	7.23	7.28	7.40
6.54 2032	10	7.31	7.32	7.35	7.42
7.26 2032	-	7.29	7.30	7.34	7.42
7.54 2036	10	7.35	7.38	7.41	7.48

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
24-Mar-23	3047	1331	1716

EQUITY		
Gross Purchase	Gross Sales	Net Investment
4504	4759	-255

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
7551	6090	1462

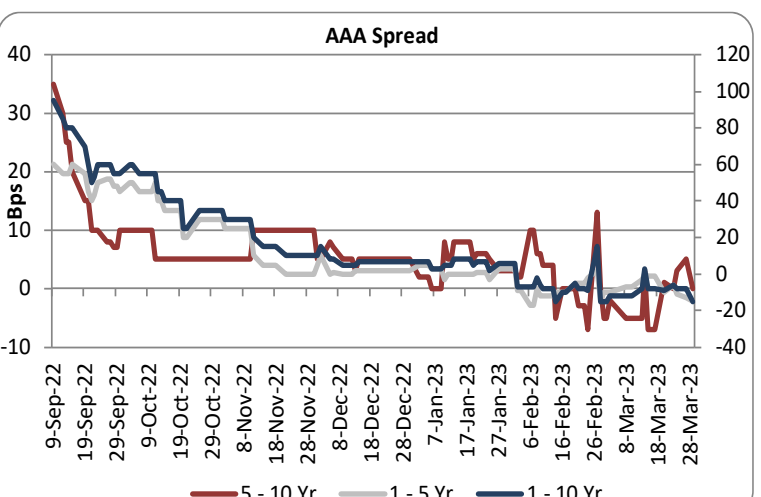
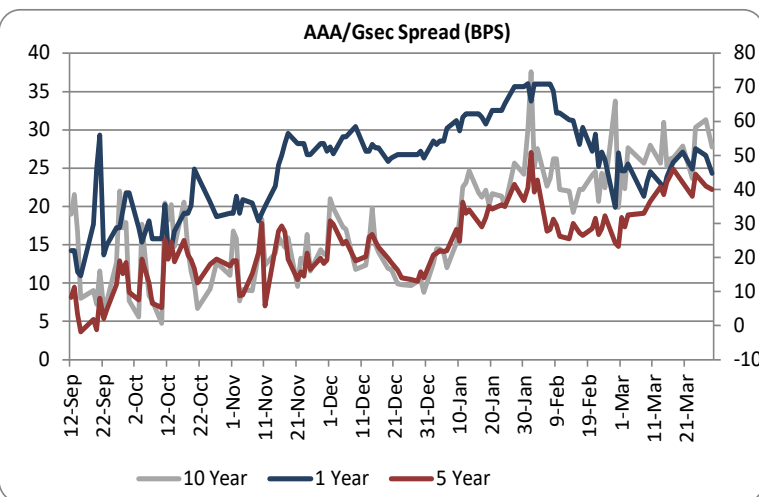
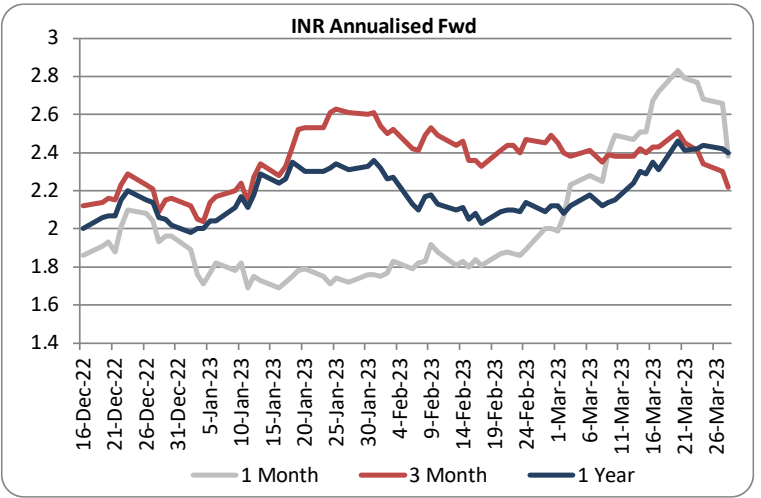
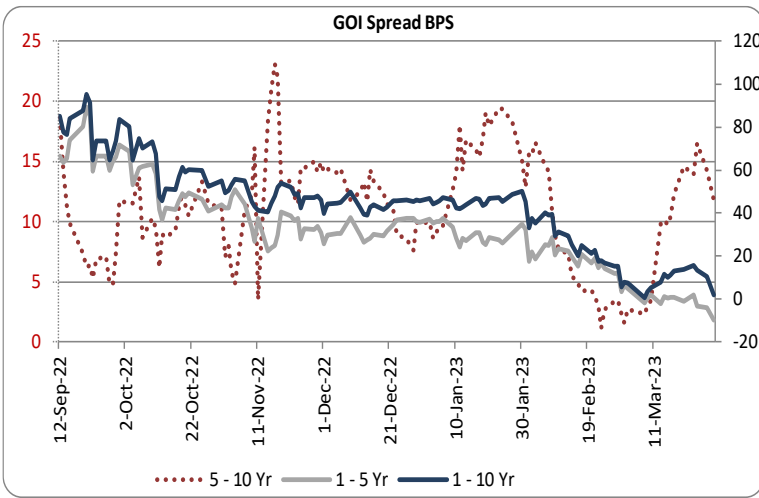
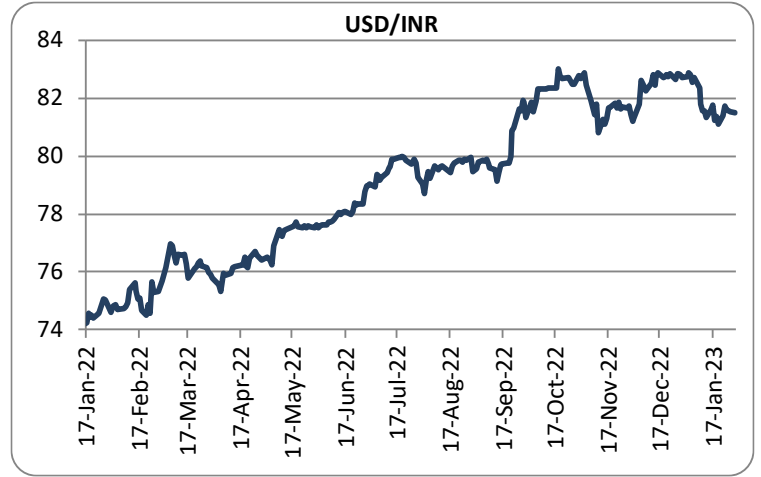
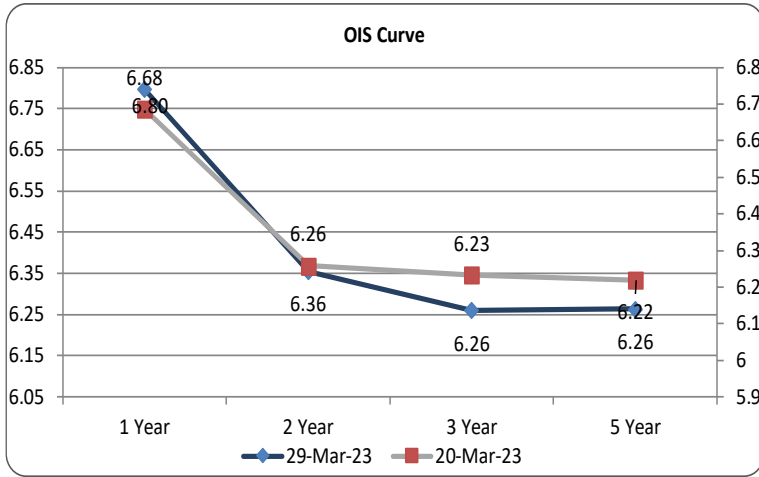
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
28-Mar-23	#N/A	#N/A	#N/A

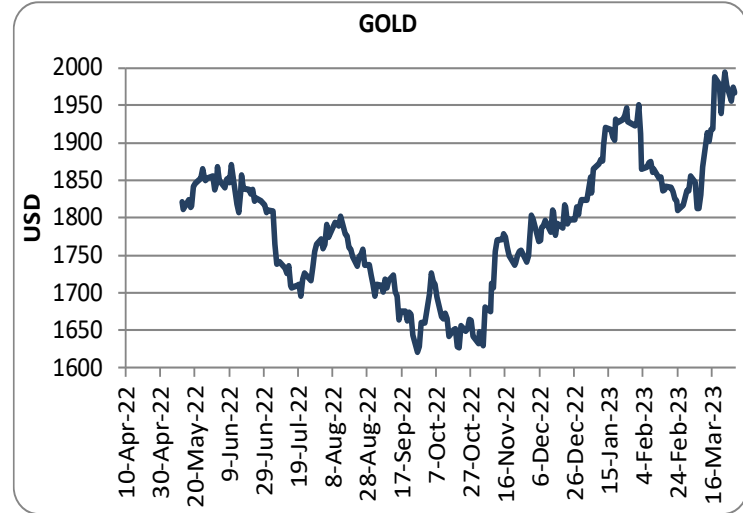
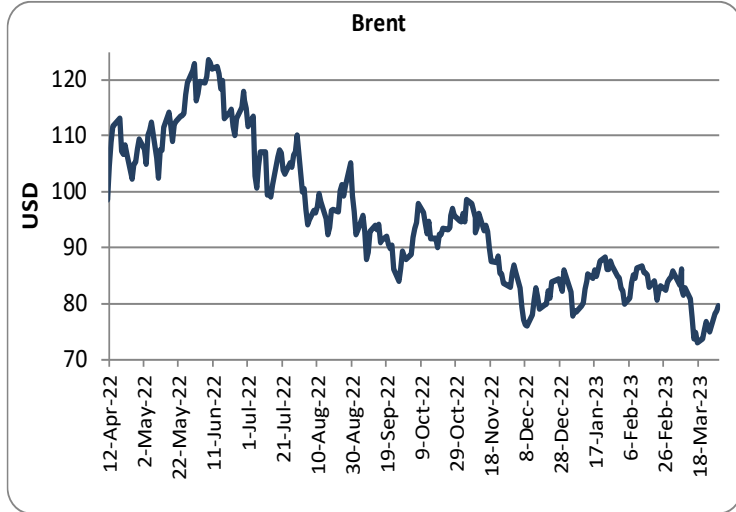
EQUITY		
Gross Purchase	Gross Sales	Net Investment
#N/A	#N/A	#N/A

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
#N/A	#N/A	#N/A

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Dec-22	4.4	6.3
CAD (\$ Bn)	Sep-22	-36.4	-18.2
Trade Deficit (\$ Bn)	Sep-22	-83.5	-68.6
WPI (%)	Feb-23	3.9	4.7
CPI (%)	Feb-23	6.4	6.5
IIP (%)	Jan-23	5.2	4.3
PMI Manufacturing	Feb-23	55.3	55.4
PMI Service	Feb-23	59.4	57.2

Economic Calender	Country	Date	Poll	Prior
Industrial Output	Poland	20-Mar-23	1.00	2.60
Retail Sales	Poland	21-Mar-23	15.00	15.10
CPI	UK	22-Mar-23	-	10.10
CPI	South Africa	22-Mar-23	-	6.90
Unemployment rate	Russia	29-Mar-23	3.80	3.60
Industrial Output	Brazil	30-Mar-23	-	(1.30)
GDP Final	USA	30-Mar-23	-	2.70
Repo Rate	South Africa	30-Mar-23	-	7.25





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

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