



BONDWATCH

Daily

August 30, 2023

INDIA

Indian government bond yields were off their lows to end largely unchanged on Wednesday as traders awaited growth data that would provide further cues on interest rate trajectory.

Bond yields had dipped earlier in the day tracking a fall in U.S. peers, as weak economic data in the world's largest economy raised bets that elevated rates may not remain for as long as feared earlier. The benchmark 7.26% 2033 bond yield ended at 7.1850%, after ending the previous session at 7.1880%.

The bond market is closely tracking U.S. Treasury yields in the absence of domestic cues. Market players will closely watch April-June gross domestic product (GDP) data estimate for the US, due tonight, and India's GDP data due tomorrow evening.

U.S. yields dropped to three-week lows on Tuesday after data showed job openings in July fell more than expected to their lowest level since March 2021, with the labor market gradually slowing.

The 10-year yield inched towards 4.10%, more than 25 basis points (bps) lower than the 16-year-high levels touched last week. The odds of a rate hike in September eased further.

India's retail inflation spiked to a 15-month high of 7.44% in July from June's 4.87% and will remain above the Reserve Bank of India's upper tolerance band until October at least.

The Indian rupee weakened 0.03% versus the U.S. dollar, and quoted at 82.73 per dollar, as dollar demand from importers and equity-related outflows pressured the local unit despite lower U.S. treasury yields.

Repo: The weighted average call rates in the interbank segment decreased to 6.72% vs 6.75% as on the previous day while that the TREP segment decreased to 6.69% vs 6.75% as on the previous day.

GOI Yield	30-Aug	29-Aug	23-Aug	31-Jul
1 Year	6.990	7.000	6.857	6.880
5 Year	7.181	7.184	7.180	7.161
10 Year	7.185	7.188	7.220	7.175

AAA Bmk	30-Aug	29-Aug	23-Aug	31-Jul
1 Year	7.45	7.45	7.45	7.35
5 Year	7.64	7.65	7.68	7.60
10 Year	7.62	7.62	7.65	7.52

CD	30-Aug	29-Aug	23-Aug	31-Jul
3 Month	0.00	7.05	7.05	6.95
6 Month	0.00	7.25	7.30	7.20
1 Year	0.00	7.50	7.45	7.50

CP	30-Aug	29-Aug	23-Aug	31-Jul
3 Month	7.10	7.10	7.20	7.05
6 Month	7.35	7.35	7.40	7.30
1 Year	7.60	7.60	7.55	7.60

OIS Rate	30-Aug	29-Aug	23-Aug	31-Jul
1 Year	6.97	6.98	6.99	6.86
2 Year	6.68	6.67	6.72	6.62
3 Year	6.63	6.63	6.66	6.55
5 Year	6.57	6.57	6.63	6.51

	30-Aug	29-Aug	23-Aug	31-Jul
Sensex	65,087	65,076	65,433	66,528
Nifty	19,347	19,306	19,444	19,754
USD/INR	82.73	82.71	82.94	82.25
Gold (USD)	1,938	1,937	1,914	1,959
Oil (USD)	85.95	85.49	83.21	85.56

NDF	29-Aug	28-Aug	22-Aug	28-Jul
3 Month	83.06	82.98	83.36	82.53
1 Year	84.14	84.10	84.45	83.62
2 Year	86.16	86.10	86.60	85.72
3 Year	89.17	88.75	89.25	88.39

Market Observations

G-sec

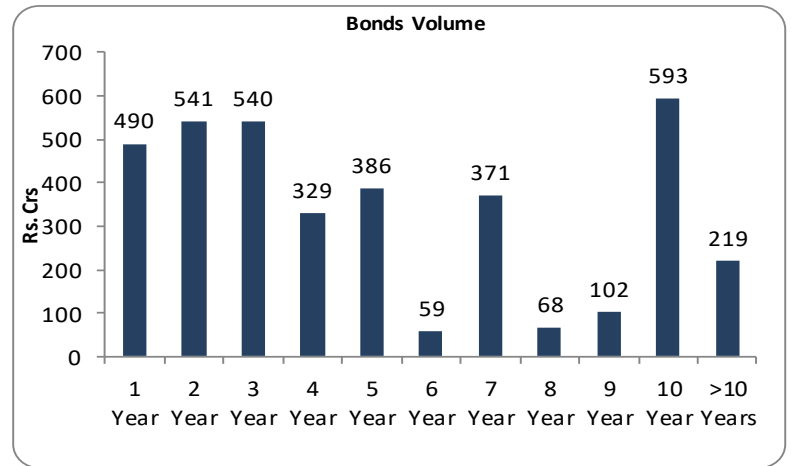
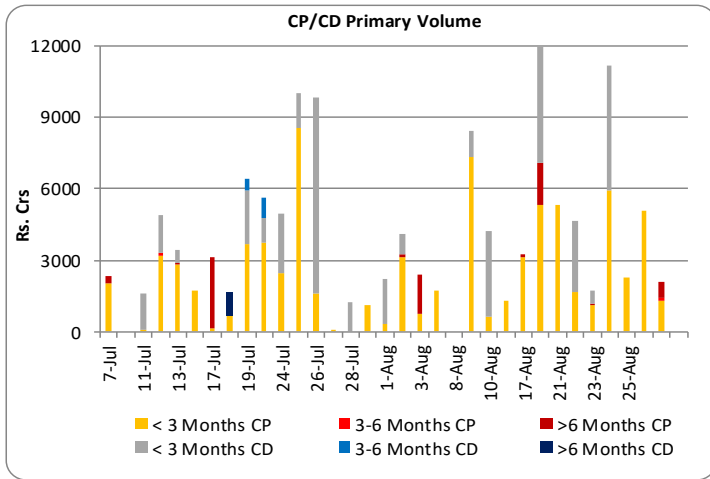
- Market opened on a positive note as US treasury yield fell further on poor job opening data.
- 10-year benchmark paper touched 7.1550 but market got given over the course of the day as sell off was seen in G-sec at those levels.
- T-bill cut-off was in line with market expectations.

Corporate Bonds

- Mutual funds were active in the 2025-2026-year segment.

CP/CD

- Demand was seen in the 3-month segment.



10 Year Benchmarks	30-Aug	29-Aug	23-Aug	31-Jul
India	7.19	7.18	7.19	7.17
US	4.16	4.12	4.20	3.96
South Korea	3.85	3.83	3.91	3.76
Russia	12.01	12.03	11.85	11.50
Brazil	10.97	11.10	11.06	10.86
Germany	2.58	2.51	2.52	2.47
China	2.59	2.60	2.56	2.70

Top Traded Securities	Volume	28-Aug	27-Aug	21-Aug	30-Jul
7.26 2033	18,735	7.18	#N/A	7.22	#N/A
7.06 2028	1,495	7.29	#N/A	7.35	#N/A
7.62 2039	-	7.19	0.00	7.23	0.00
7.30 2053	450	7.22	#N/A	7.27	#N/A
6.64 2035	390	7.26	#N/A	7.28	#N/A
7.40 2035	90	7.22	#N/A	7.28	0.00

	DEBT		
	Gross Purchase	Gross Sales	Net Investment
MF			
23-Aug-23	5219	4778	441

	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
23-Aug-23	8538	8569	-31

	TOTAL (Rs.Crs)		
	Gross Purchase	Gross Sales	Net Investment
23-Aug-23	13757	13346	410

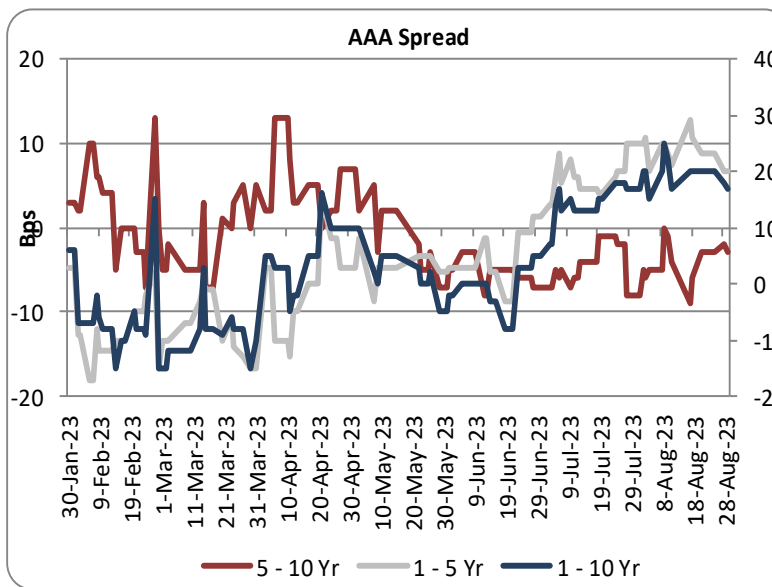
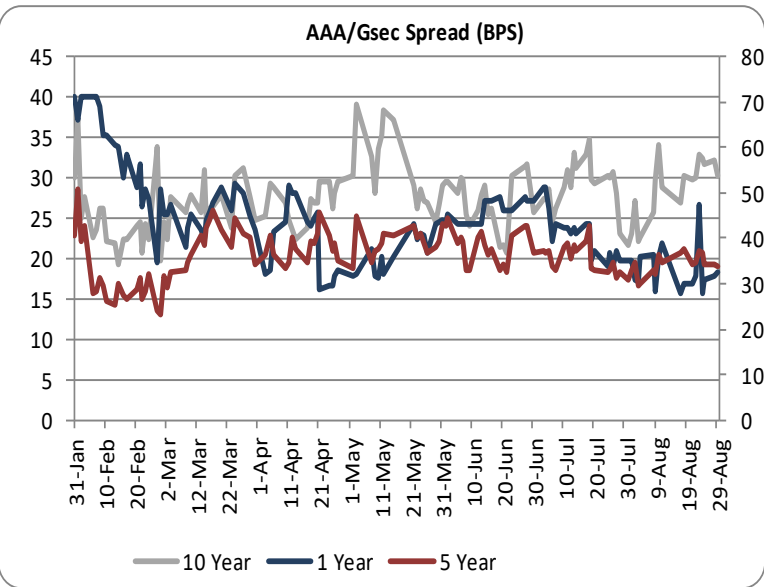
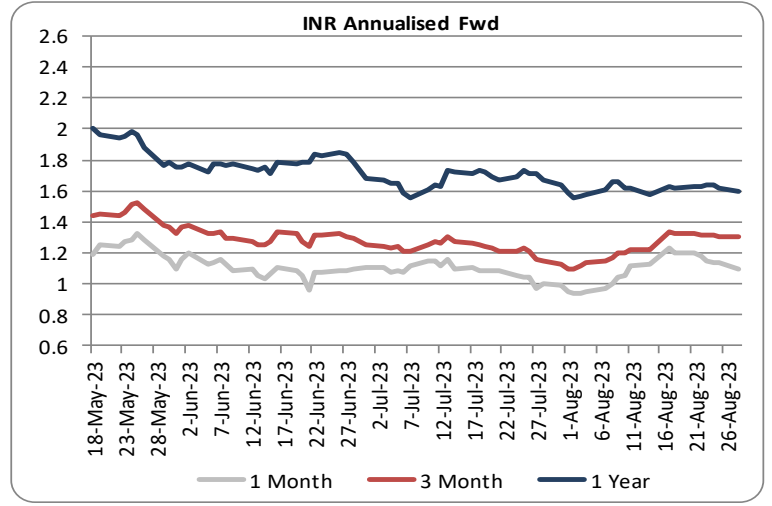
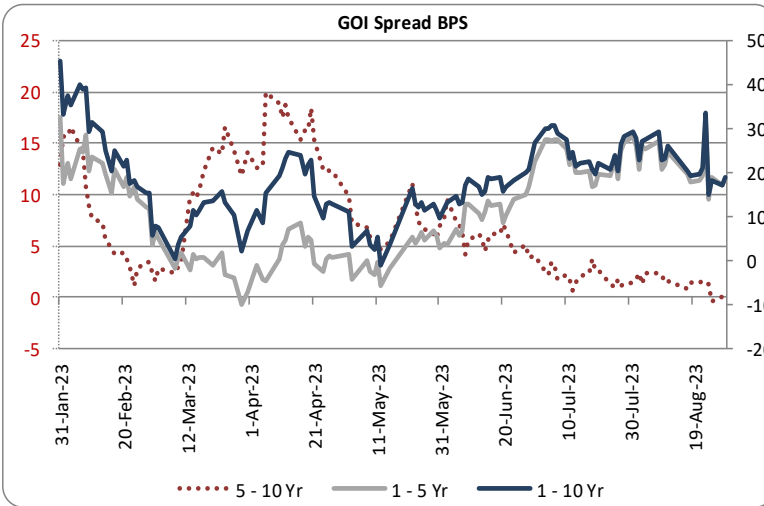
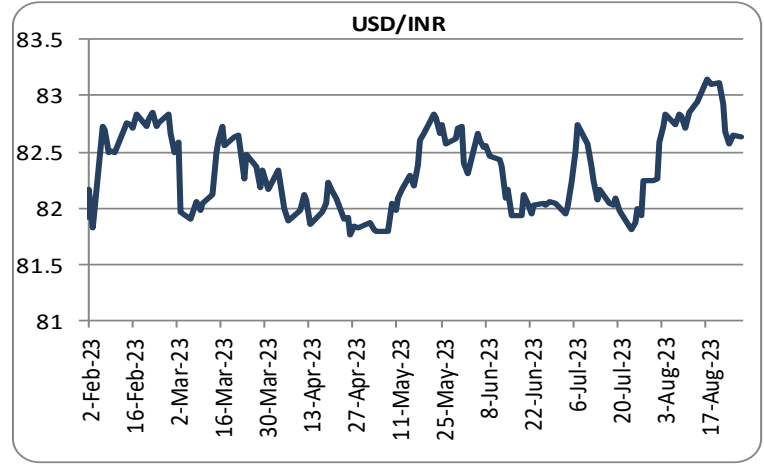
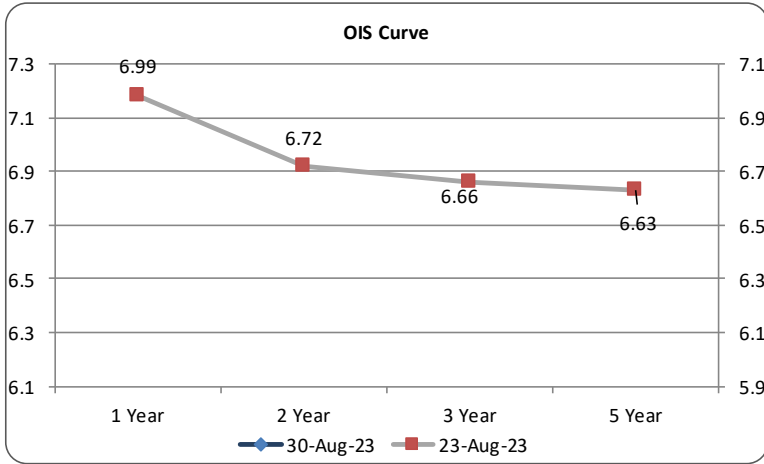
	DEBT		
	Gross Purchase	Gross Sales	Net Investment
FII			
30-Aug-23	#N/A	#N/A	#N/A

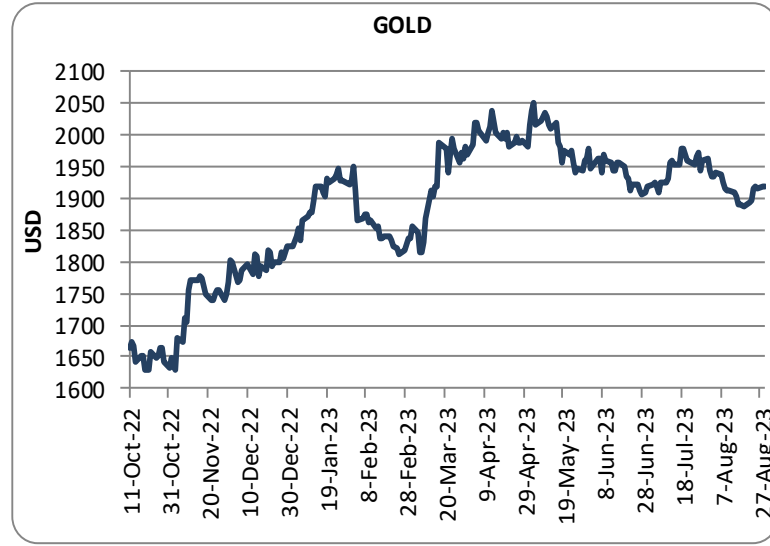
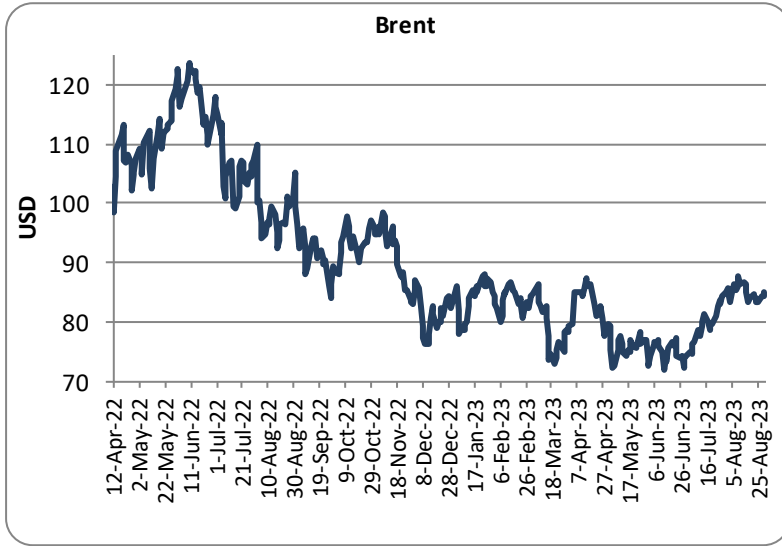
	EQUITY		
	Gross Purchase	Gross Sales	Net Investment
30-Aug-23	#N/A	#N/A	#N/A

	TOTAL (Rs. Crs)		
	Gross Purchase	Gross Sales	Net Investment
30-Aug-23	#N/A	#N/A	#N/A

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 (%)	Jul-23	-1.4	-4.1
CPI (%)	Jul-23	7.4	4.9
IIP (%)	Jun-23	3.7	5.2
PMI Manufacturing	Jul-23	57.7	57.8
PMI Service	Jul-23	62.3	58.5

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	18-Aug-23	3.1	3.3
Retail Sales	UK	18-Aug-23	(2.10)	(1.00)
Unemployment Rate	Poland	24-Aug-23	5.00	5.00
Unemployment Rate	Japan	29-Aug-23	-	2.50
Q2 GDP	USA	30-Aug-23	-	2.40
Imports	Germany	31-Aug-23	-	(11.40)
Unemployment Rate	Germany	31-Aug-23	-	5.60
Unemployment Rate	Euro Zone	31-Aug-23	-	6.40





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

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