



BONDWATCH

Daily

January 31, 2023

INDIA

Indian government bond yields ended lower on Tuesday after rising for the last three sessions, triggered by short covering and as the government plans to issue a new 10-year paper this week. However, the major focus remained on the economic survey later in the day and the federal budget announcement on Wednesday.

The benchmark 10-year yield ended at 7.3438%, after closing at 7.4004% on Monday. It posted its biggest single session fall since Dec. 1, after rising six basis points in the last three sessions. The yield however was largely unchanged for the first month of 2023.

The new 10-year bond is likely to witness strong demand despite the government being expected to announce an elevated borrowing schedule for the next fiscal year in its annual budget on Wednesday.

It is likely to keep its gross market borrowing below 16 trillion rupees for the next year as it does not want to destabilise the bond market with negative surprises, two sources close to the deliberations said.

The government will sell bonds worth 280 billion rupees (\$3.41 billion) on Friday, including 120 billion rupees worth of a new 10-year paper.

India is forecasting economic growth of 6%-6.8% in the next fiscal, slower than the projected pace for fiscal 2023 because of likely damage to exports from a global slowdown.

The Indian rupee weakened 0.51% versus the U.S. dollar, and quoted at 81.92 per dollar as traders cited custodial outflows amid volatility in equities ahead of domestic budget and the U.S. Federal Reserve meeting outcome.

Repo: The weighted average call rates in the interbank segment decreased to 6.45% vs 6.47% as on previous day while that the TREP segment decreased to 6.42% vs 6.49% as on the previous day.

Market Observations

G-sec

- Market opened at around 7.40 % but got taken over the course of day and closed at 7.3% majorly due to short covering and speculations of a lower borrowing in the upcoming budget.
- SDL cut off was in line with market expectation.
- Demand was seen in 30- and 40-year GSec majorly by life insurance companies.

Corporate Bonds

- The market seen some selling from MFs while buying from Insurances.

CP/CD

- Major demand was witnessed in the shorter to 3-month maturity papers.

GOI Yield	31-Jan	30-Jan	24-Jan	3-Jan
1 Year	6.890	6.900	6.890	6.880
5 Year	7.215	7.250	7.152	7.235
10 Year	7.344	7.400	7.345	7.321

AAA Bmk	31-Jan	30-Jan	24-Jan	3-Jan
1 Year	7.72	7.72	7.66	7.53
5 Year	7.75	7.75	7.63	7.58
10 Year	7.78	7.78	7.68	7.60

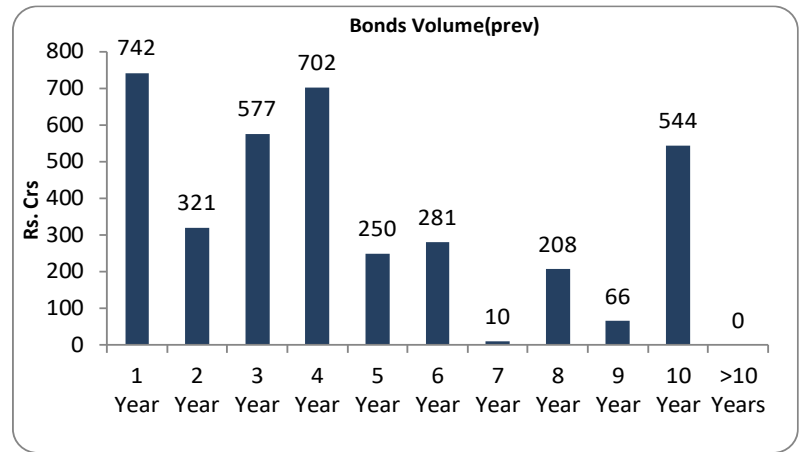
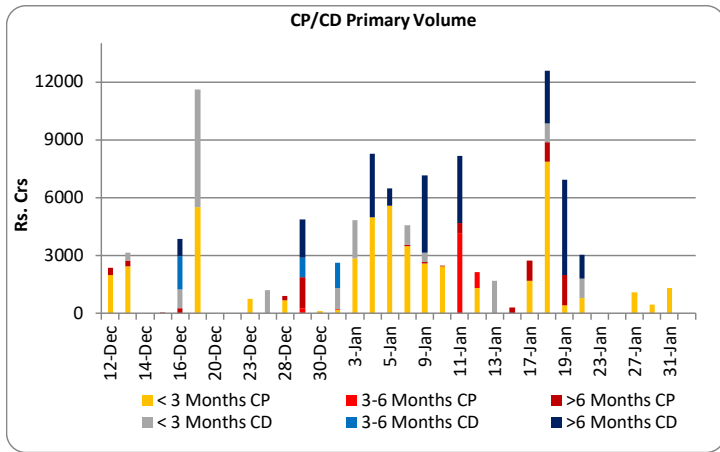
CD	31-Jan	30-Jan	24-Jan	3-Jan
3 Month	7.20	7.20	7.15	6.90
6 Month	7.65	7.65	7.55	7.40
1 Year	7.75	7.75	7.72	7.65

CP	31-Jan	30-Jan	24-Jan	3-Jan
3 Month	7.30	7.30	7.40	7.20
6 Month	7.75	7.75	7.85	7.50
1 Year	7.95	7.95	8.00	7.75

OIS Rate	31-Jan	30-Jan	24-Jan	3-Jan
1 Year	6.74	6.74	6.67	6.73
2 Year	6.37	6.36	6.28	6.71
3 Year	6.28	6.28	6.18	6.43
5 Year	6.29	6.27	6.17	6.45

	31-Jan	30-Jan	24-Jan	3-Jan
Sensex	59,550	59,500	60,979	61,294
Nifty	17,662	17,649	18,118	18,233
USD/INR	81.92	81.50	81.72	82.88
Gold (USD)	1,903	1,923	1,937	1,839
Oil (USD)	84.08	84.90	86.13	82.10

NDF	31-Jan	30-Jan	24-Jan	3-Jan
3 Month	82.42	82.14	82.12	83.31
1 Year	83.79	83.51	83.54	84.56
2 Year	85.84	85.60	85.38	86.70
3 Year	88.86	88.35	88.40	89.50



10 Year Benchmarks	31-Jan	30-Jan	24-Jan	3-Jan
India	7.34	7.40	7.35	7.32
US	3.54	3.55	3.47	3.79
South Korea	3.32	3.24	3.28	3.66
Russia	10.58	10.59	10.53	10.33
Brazil	13.18	13.18	13.18	13.16
Germany	2.31	2.31	2.16	2.38
China	2.93	2.94	2.99	2.87

Top Traded Securities	Volume	31-Jan	30-Jan	24-Jan	3-Jan
5.74 2026	70	7.17	7.22	7.13	7.19
7.38 2027	-	7.21	7.26	7.15	7.24
7.10 2029	-	7.32	7.37	7.28	7.31
6.54 2032	5	7.37	7.41	7.36	7.36
7.26 2032	-	7.34	7.40	7.35	7.32
7.54 2036	-	7.44	7.48	7.40	7.42

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
25-Jan-23	6585	8240	-1654

EQUITY		
Gross Purchase	Gross Sales	Net Investment
5614	5803	-189

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
12200	14043	-1843

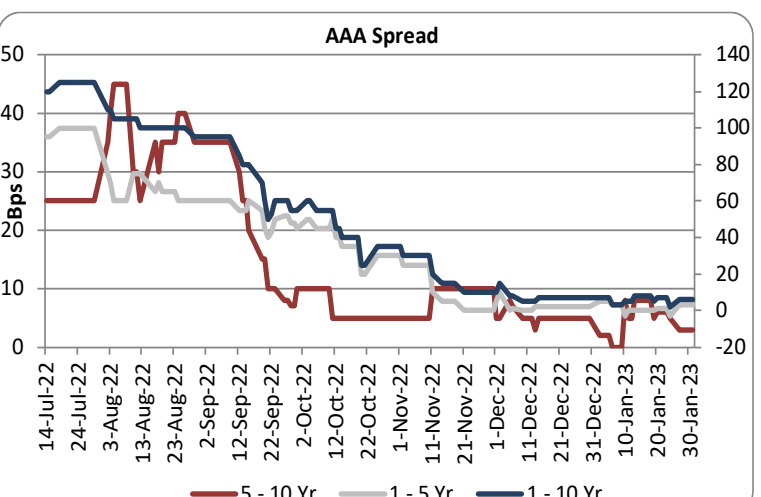
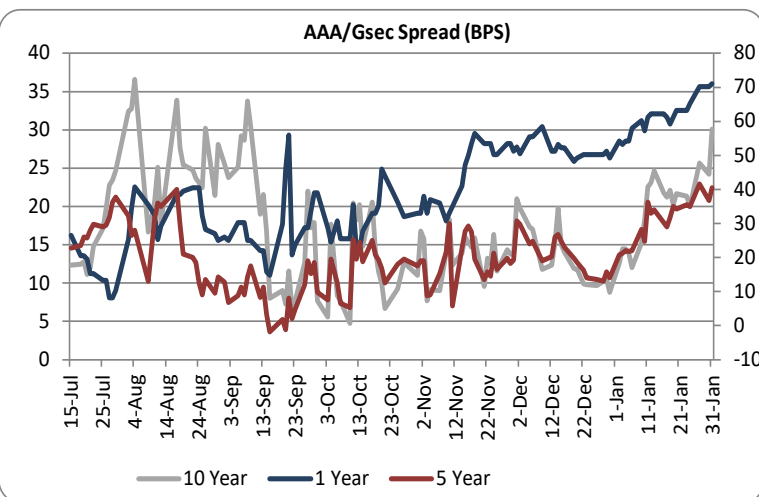
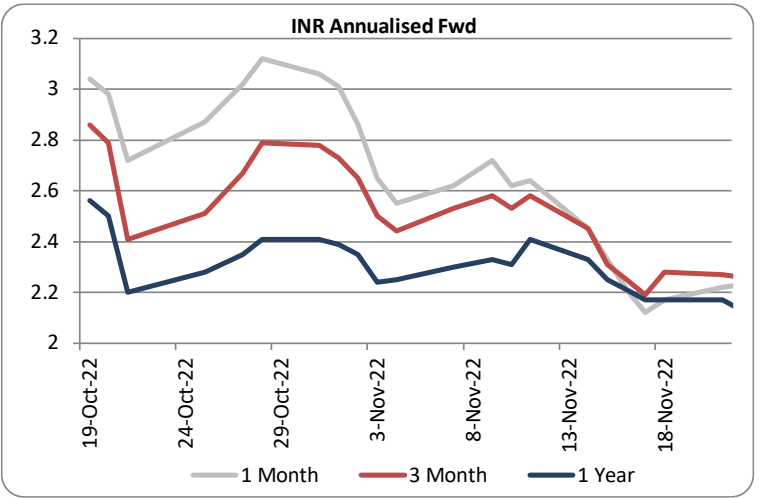
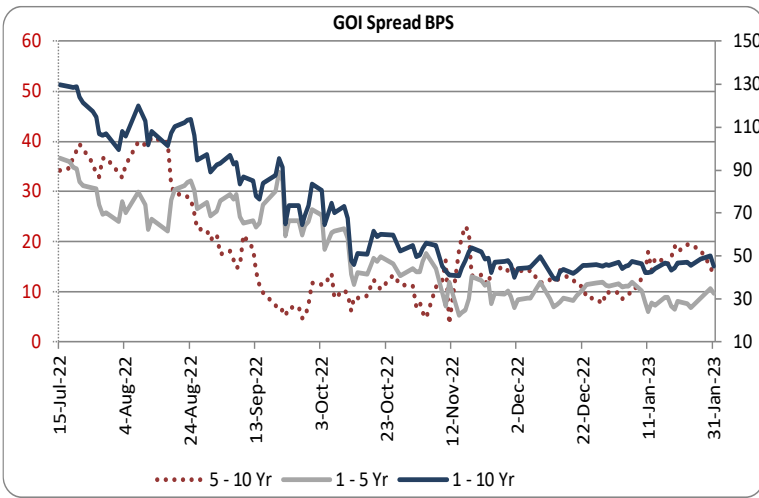
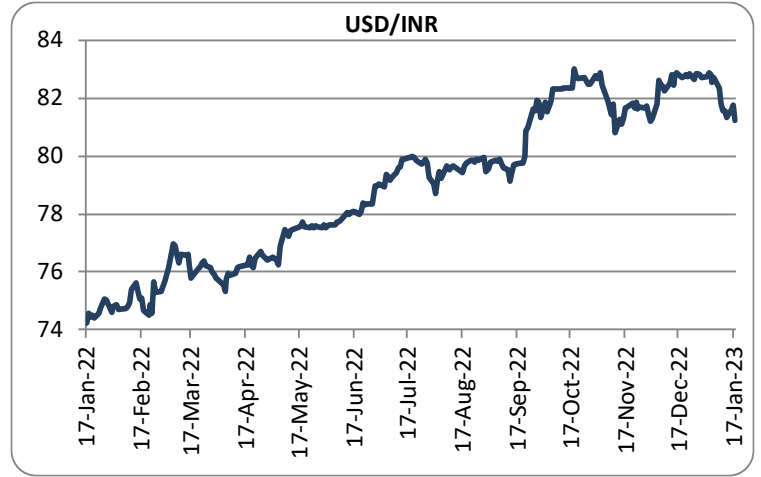
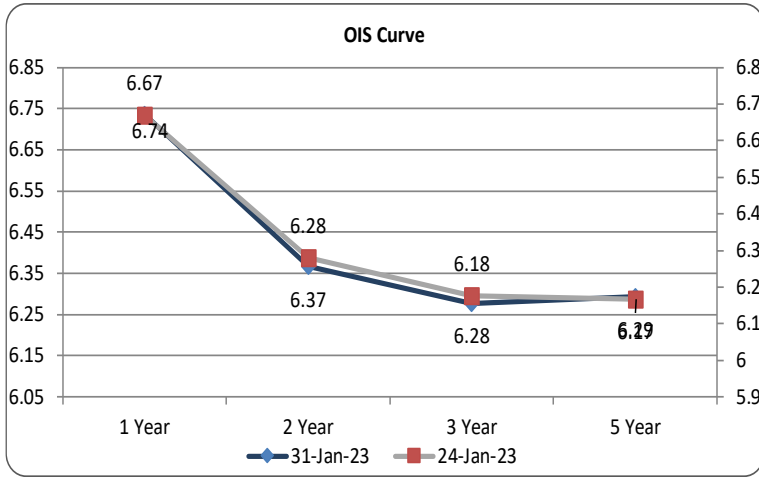
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
31-Jan-23	943	517	426

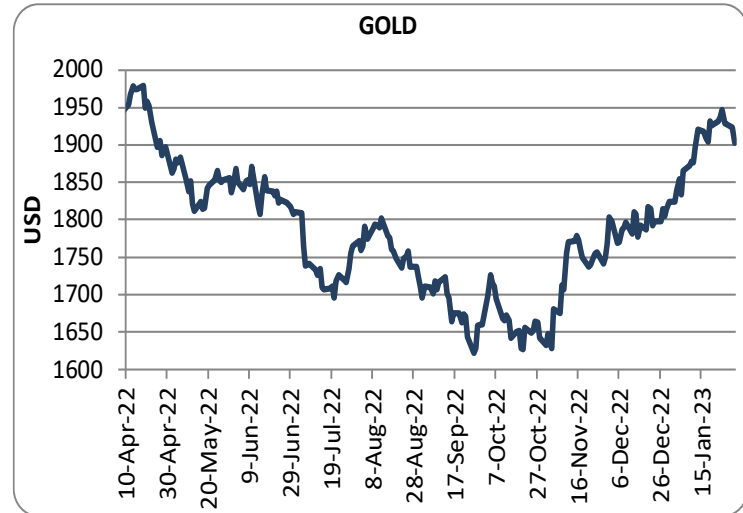
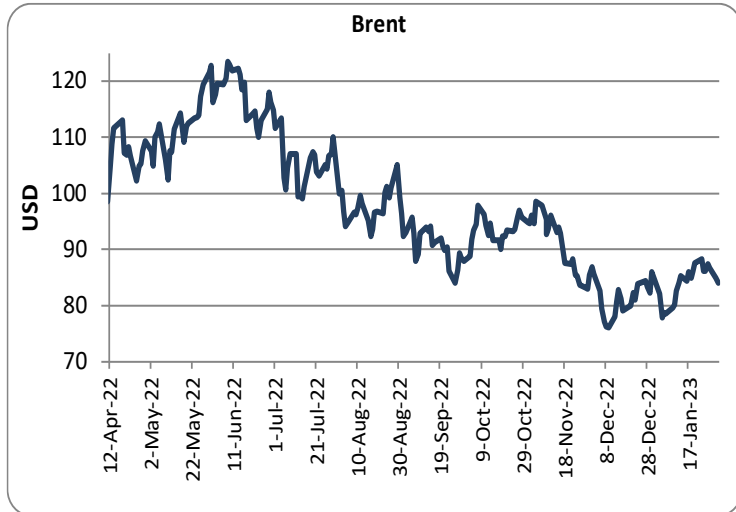
EQUITY		
Gross Purchase	Gross Sales	Net Investment
12691	18383	-5693

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
13633	18901	-5267

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 (%)	Dec-22	5.0	5.9
CPI (%)	Dec-22	5.7	5.9
IIP (%)	Nov-22	7.1	-4.0
PMI Manufacturing	Dec-22	57.8	55.7
PMI Service	Dec-22	58.5	56.4

Economic Calender	Country	Date	Poll	Prior
WPI	India	16-Jan-23	5.60	5.85
GDP	China	17-Jan-23	1.80	3.90
Industrial Output	China	17-Jan-23	0.50	2.20
Unemployment Rate	UK	17-Jan-23	3.70	3.70
Exports	Japan	19-Jan-23	10.10	20.00
Retail Sales	UK	20-Jan-23	-	(5.90)
Retail Sales	Poland	23-Jan-23	17.80	18.40
Unemployment Rate	Poland	25-Jan-23	5.20	5.10





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

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