



INDIA

Indian government bond yields started 2024 with an easing bias, with yields witnessing their third consecutive monthly fall in January, as optimism over a fiscally prudent Union Budget announcement aided investor sentiment.

India's benchmark 10-year yield ended at 7.1442%, following its previous close of 7.1570%. The yield eased three basis points this month, after falling 8 bps and 10 bps in November and December respectively.

India is due to announce the federal budget for the new financial year on Thursday, and the government is likely to keep its gross market borrowing for fiscal 2025 close to the current fiscal year's level of 15.43 trillion rupees (\$185.82 billion)

Indian investors have also increased their positions in longer-duration bonds as they anticipate the budget to be fiscally conservative with no pre-election spending surprises.

Market participants also think that the Federal Reserve's monetary policy decision is likely to be a trigger for the rest of the year.

The decision is due after Indian market hours and while status quo is expected on rates, commentary from Chair Jerome Powell will be key to gauge the timing of rate cuts.

The 10-year U.S. yield was inching downwards towards the 4% handle, even as traders have trimmed down bets on the timing and pace of rate cuts in 2024. The odds of a rate cut in March now stand at around 41%, down from 88% last month.

The Indian rupee strengthened 0.07% versus U.S. dollar, and quoted at 83.05 per dollar, as greenback sales from both local and foreign banks helped lift the local unit to its strongest in over two weeks.

Repo: The weighted average call rates in the interbank segment increased to 6.79% vs 6.75% as on the previous day while that the TREP segment remained the same at 6.70% vs 6.70% as on the previous day.

GOI Yield	31-Jan	30-Jan	24-Jan	3-Jan
1 Year	7.130	7.130	7.150	7.100
5 Year	7.027	7.030	7.061	7.097
10 Year	7.144	7.157	7.184	7.216

AAA Bmk	31-Jan	30-Jan	24-Jan	3-Jan
1 Year	7.90	7.87	7.90	7.83
5 Year	7.69	7.75	7.67	7.76
10 Year	7.65	7.68	7.70	7.68

CD	31-Jan	30-Jan	24-Jan	3-Jan
3 Month	7.80	7.80	7.80	7.60
6 Month	7.85	7.85	7.85	7.70
1 Year	7.90	7.90	7.90	7.90

CP	31-Jan	30-Jan	24-Jan	3-Jan
3 Month	7.90	7.90	7.90	7.70
6 Month	7.95	7.95	7.95	7.80
1 Year	8.00	8.00	8.00	8.00

OIS Rate	31-Jan	30-Jan	24-Jan	3-Jan
1 Year	6.60	6.58	6.62	6.66
2 Year	6.26	6.24	6.27	6.33
3 Year	6.21	6.20	6.22	6.30
5 Year	6.18	6.17	6.18	6.25

	31-Jan	30-Jan	24-Jan	3-Jan
Sensex	71,752	71,140	71,060	71,357
Nifty	21,726	21,522	21,454	21,517
USD/INR	83.04	83.11	83.12	83.28
Gold (USD)	2,038	2,036	2,013	2,041
Oil (USD)	82.03	82.87	80.04	78.25

NDF	31-Jan	30-Jan	24-Jan	3-Jan
3 Month	83.38	83.44	83.46	83.61
1 Year	84.60	84.64	84.69	84.76
2 Year	87.03	86.99	87.10	87.30
3 Year	89.88	89.79	90.00	90.30

**Market Observations**

**G-sec**

- Demand was seen in 2026 maturity G-sec by private banks @7.02 centric levels. Major sellers were foreign banks.
- Demand was seen in 6 to 9-year illiquid G-sec by private banks and pension funds.
- T-bill cut off was 1 to 2bps higher than market expectations. Demand was seen in 1-year t-bill post cut off.

**Corporate Bonds**

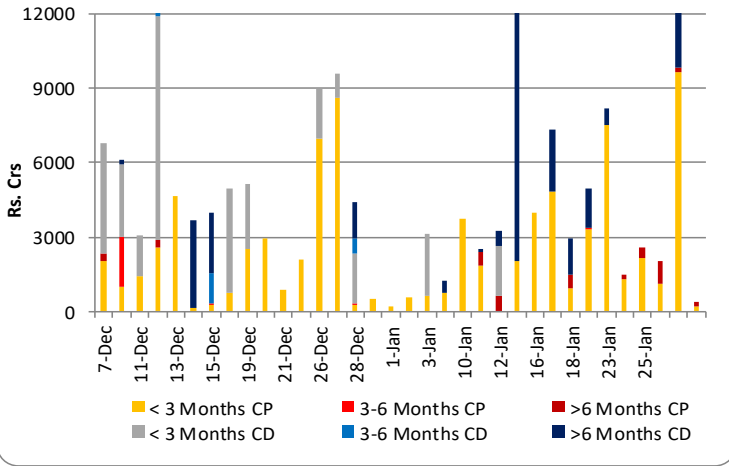
- Activity was seen throughout all segments.
- Mutual funds were very active in the 2025-2027 segment.

**CP/CD**

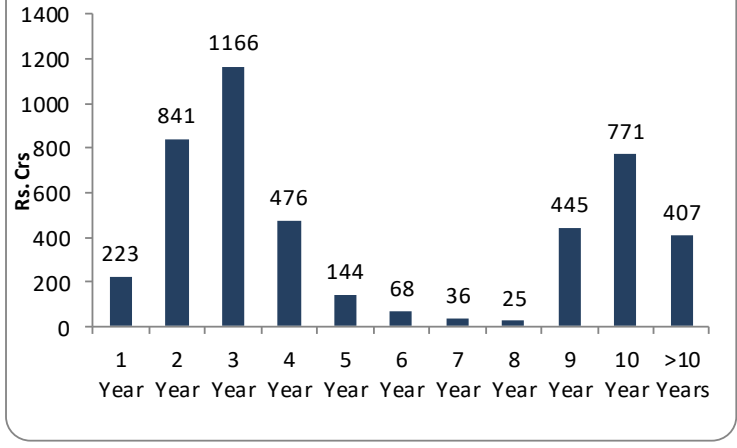
- Demand was seen in the 1 to 3-month segment.



CP/CD Primary Volume



Bonds Volume (prev.)



10 Year Benchmarks	31-Jan	30-Jan	24-Jan	3-Jan
India	7.14	7.16	7.18	7.22
US	4.03	4.06	4.18	3.91
South Korea	3.35	3.35	3.40	3.34
Russia	12.25	12.27	12.23	12.34
Brazil	10.76	10.67	10.64	10.47
Germany	2.24	2.27	2.34	2.02
China	2.44	2.47	2.52	2.58

Top Traded Securities	Volume	24-Jan	23-Jan	17-Jan	26-Dec
7.26 2033	610	7.21	7.20	7.19	7.22
7.06 2028	105	7.26	7.28	7.28	7.36
7.62 2039	-	7.20	7.20	7.19	0.00
7.30 2053	1,360	7.36	7.36	7.37	7.41
6.64 2035	665	#N/A	7.26	7.25	7.27
7.40 2035	-	7.26	7.25	7.26	7.29

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
29-Jan-24	12581	9151	3430

EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	9252	11398	-2146

TOTAL (Rs.Crs)			
	Gross Purchase	Gross Sales	Net Investment
	21833	20549	1284

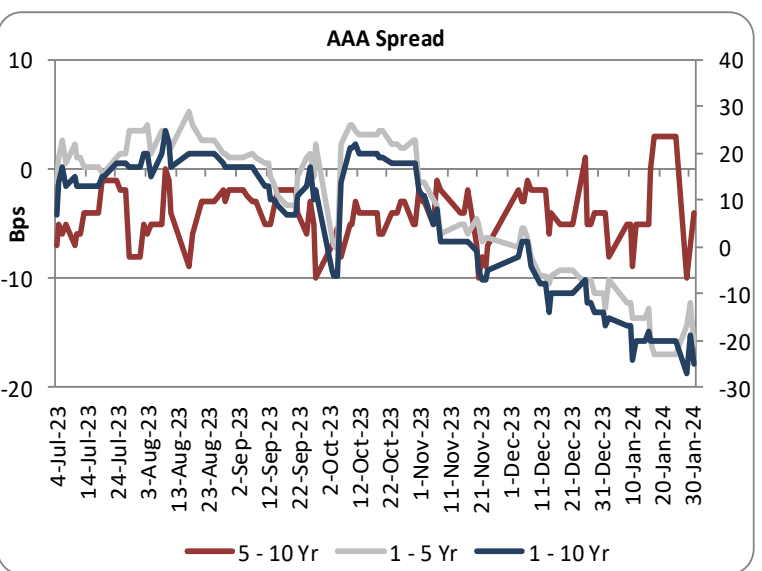
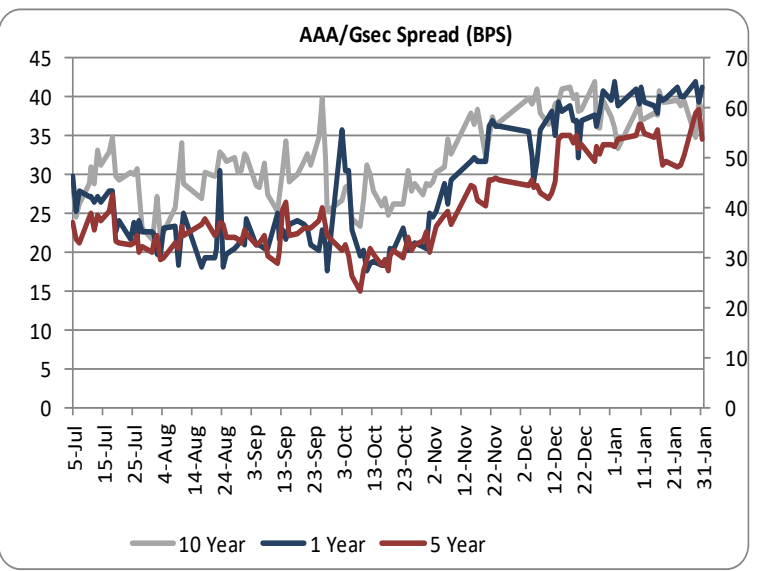
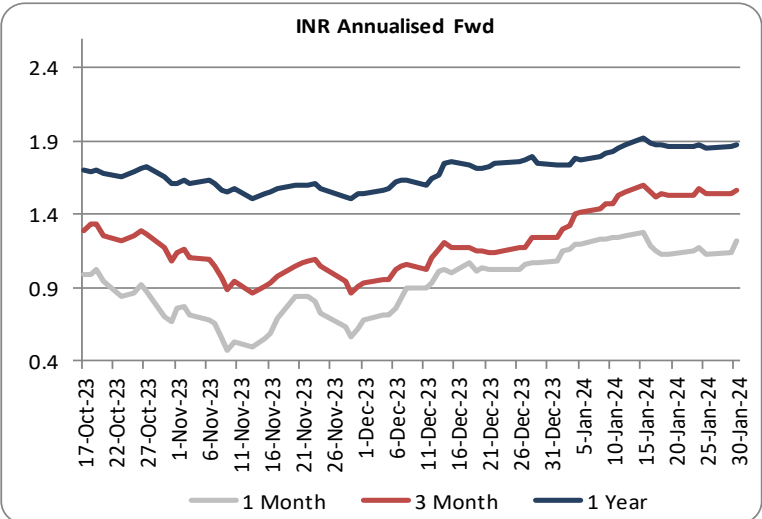
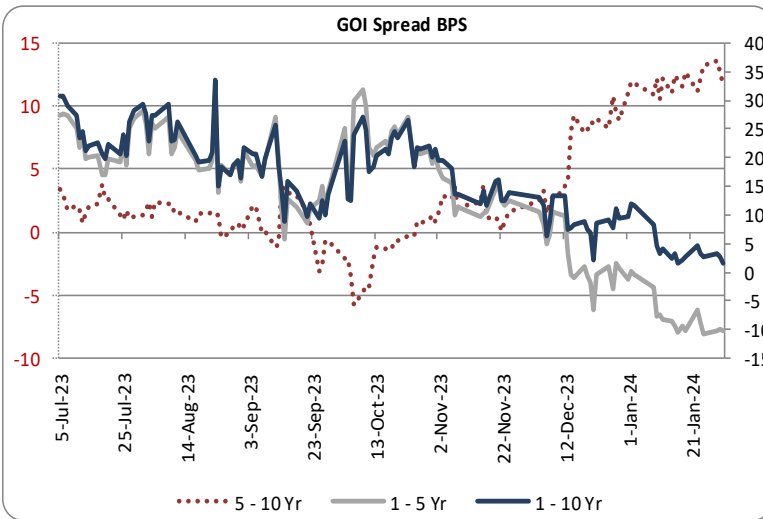
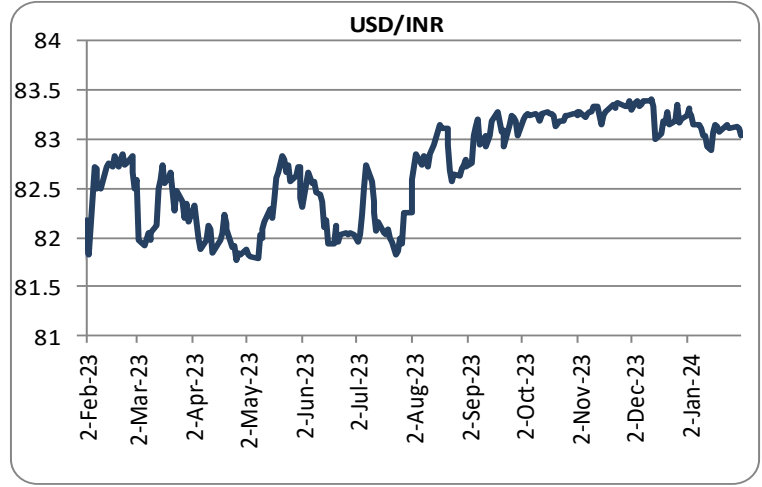
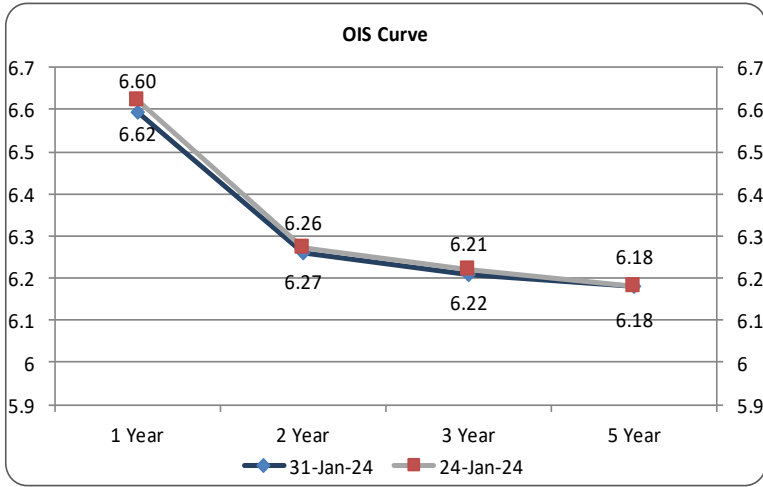
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
31-Jan-24	3205	699	2507

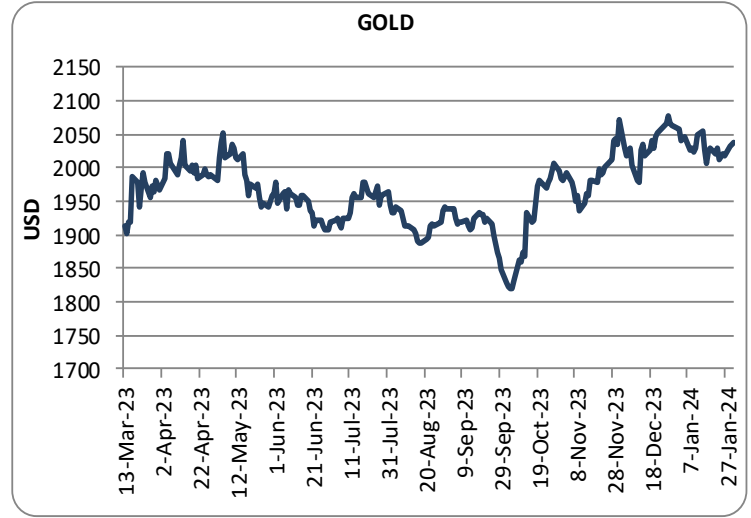
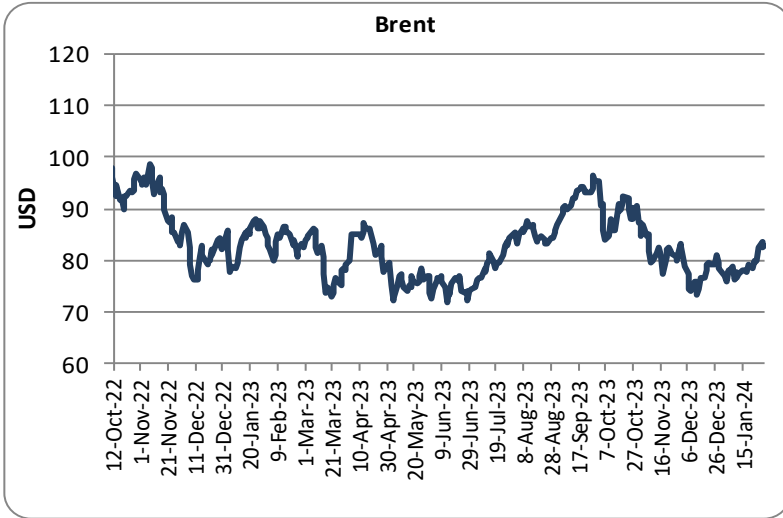
EQUITY			
	Gross Purchase	Gross Sales	Net Investment
	14447	16261	-1815

TOTAL (Rs. Crs)			
	Gross Purchase	Gross Sales	Net Investment
	17652	16960	692

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Sep-23	7.6	7.8
CAD (\$ Bn)	Sep-23	-8.3	-9.2
Trade Deficit (\$ Bn)	Sep-23	-61.0	-56.6
WPI (%)	Dec-23	0.7	0.3
CPI (%)	Dec-23	5.7	5.6
IIP (%)	Nov-23	2.4	11.6
PMI Manufacturing	Dec-23	54.9	56
PMI Service	Dec-23	59	56.9

Economic Calender	Country	Date	Poll	Prior
CPI	Japan	19-Jan-24	0	2.8
Retail Sales	UK	19-Jan-24	1.10	0.10
Industrial Output	Poland	22-Jan-24	(5.00)	(0.70)
BOJ Rate Decision	Japan	23-Jan-24	-	(0.10)
Q4 GDP Advance	USA	25-Jan-24	1.80	4.90
Q4 GDP YY	Euro Zone	30-Jan-24	-	-
Retail Sales	Japan	31-Jan-24	-	5.30
CPI	Australia	31-Jan-24	-	5.40





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

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