



BONDWATCH

Daily

INDIA

March 31, 2023

The 10-year benchmark 7.26% 2032 bond yield ended at 7.3180% on Friday, after closing at 7.2897% on Wednesday. The yield fell 14 basis points in March, its first monthly fall since November, while also dipping for the third consecutive quarter.

The benchmark bond yield rose 48 bps this financial year, and recorded its third consecutive rise, as global central banks as well as the Reserve Bank of India (RBI) embarked upon an aggressive rate hike cycle to tamp down inflationary pressures.

India's government plans to borrow 8.88 trillion rupees (\$108.01 billion), slightly above expectations, through bonds in April-September, and the planned borrowing constitutes about 57.6% of the annual aim of 15.43 trillion rupees.

The bond yield curve is expected to steepen gradually with yields of 14-year and above maturity notes rising more as a bulk of the supply for April-September will be in this tenure, market participants said.

The RBI's monetary policy decision, due on April 6, is a key event that will give further cues to the bond market. The RBI will raise the interest rate by 25 bps and then pause for the rest of the year.

The central bank has so far raised the repo rate by 250 bps to 6.50% in the current financial year. Till policy outcome, the benchmark bond yield is expected to be in the 7.30%-7.35% range. The Indian rupee strengthened 0.21% to 82.1650 per U.S. dollar on likely fiscal year-end related inflows and strength in local equity markets.

Repo: The weighted average call rates in the interbank segment increased to 6.37% vs 6.72% as on the previous day while that the TREP segment increased to 6.92% vs 6.77% as on the previous day.

Market Observations

G-sec

- Indian government bond yields ended higher on the last day of the financial year, as traders cut positions after the April-September borrowing calendar announcement, while focus remains on the central bank's monetary policy decision.

Corporate Bonds

- Major activity in 2024-2026 segment. Yields moved lower in the shorter end.
 - 2025 2026 segment continues to be dominated by Mutual Funds.
 - Volumes in last days of the FY has picked up due to redemption pressures and year ending buying.

CP/CD

- Activity seen across all segments.

| GOI Yield | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|-----------|--------|--------|--------|-------|
| 1 Year | 7.250 | 7.270 | 7.190 | 7.340 |
| 5 Year | 7.177 | 7.171 | 7.209 | 7.389 |
| 10 Year | 7.318 | 7.290 | 7.348 | 7.416 |

| AAA Bmk | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|---------|--------|--------|--------|-------|
| 1 Year | 7.80 | 7.85 | 7.78 | 7.95 |
| 5 Year | 7.65 | 7.70 | 7.72 | 7.85 |
| 10 Year | 7.70 | 7.70 | 7.72 | 7.83 |

| CD | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|---------|--------|--------|--------|-------|
| 3 Month | 7.15 | 7.50 | 7.30 | 7.65 |
| 6 Month | 7.30 | 7.74 | 7.60 | 7.85 |
| 1 Year | 7.50 | 7.78 | 7.75 | 7.93 |

| CP | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|---------|--------|--------|--------|-------|
| 3 Month | 7.25 | 7.60 | 7.40 | 7.85 |
| 6 Month | 7.40 | 7.84 | 7.70 | 8.10 |
| 1 Year | 7.60 | 7.88 | 7.85 | 8.15 |

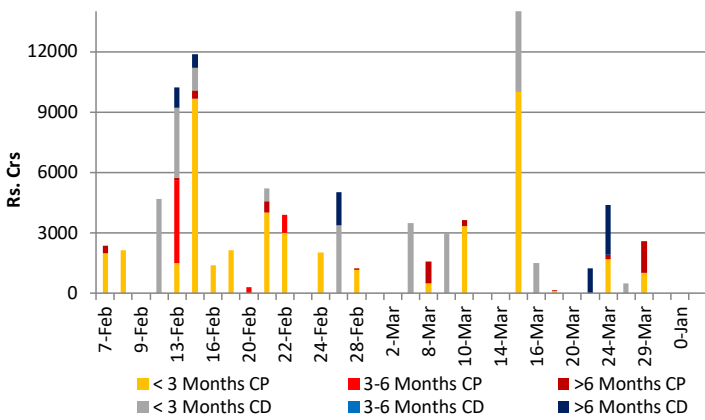
| OIS Rate | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|----------|--------|--------|--------|-------|
| 1 Year | 6.81 | 6.80 | 6.71 | 7.05 |
| 2 Year | 6.38 | 6.36 | 6.31 | 6.74 |
| 3 Year | 6.29 | 6.26 | 6.23 | 6.66 |
| 5 Year | 6.30 | 6.26 | 6.24 | 6.65 |

| | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|------------|--------|--------|--------|--------|
| Sensex | 58,992 | 57,960 | 57,925 | 59,809 |
| Nifty | 17,360 | 17,081 | 17,077 | 17,594 |
| USD/INR | 82.17 | 82.34 | 82.26 | 81.97 |
| Gold (USD) | 1,981 | 1,964 | 1,994 | 1,855 |
| Oil (USD) | 79.60 | 78.28 | 75.91 | 85.83 |

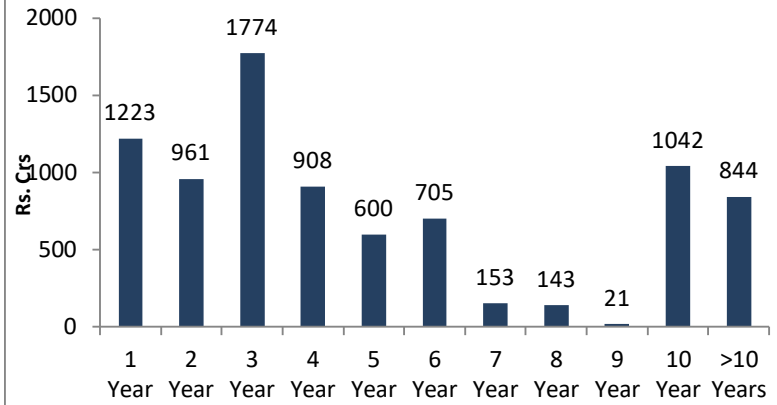
| NDF | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|---------|--------|--------|--------|-------|
| 3 Month | 82.63 | 82.70 | 82.73 | 82.22 |
| 1 Year | 84.24 | 84.30 | 84.22 | 83.40 |
| 2 Year | 86.57 | 86.61 | 87.04 | 85.42 |
| 3 Year | 89.73 | 89.56 | 89.94 | 88.10 |



CP/CD Primary Volume



Bonds Volume



| 10 Year Benchmarks | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|--------------------|--------|--------|--------|-------|
| India | 7.32 | 7.30 | 7.35 | 7.42 |
| US | 3.54 | 3.57 | 3.40 | 3.96 |
| South Korea | 3.33 | 3.29 | 3.26 | 3.78 |
| Russia | 10.33 | 10.34 | 11.14 | 11.01 |
| Brazil | 12.93 | 12.90 | 13.11 | 13.58 |
| Germany | 2.35 | 2.31 | 2.19 | 2.71 |
| China | 2.86 | 2.87 | 2.87 | 2.92 |

| Top Traded Securities | Volume | 31-Mar | 29-Mar | 23-Mar | 3-Mar |
|-----------------------|--------|--------|--------|--------|-------|
| 5.74 2026 | 290 | 7.17 | 7.17 | 7.20 | 7.36 |
| 7.38 2027 | 25 | 7.18 | 7.17 | 7.21 | 7.39 |
| 7.10 2029 | 105 | 7.22 | 7.21 | 7.28 | 7.40 |
| 6.54 2032 | 10 | 7.33 | 7.31 | 7.36 | 7.43 |
| 7.26 2032 | 5 | 7.32 | 7.29 | 7.35 | 7.42 |
| 7.54 2036 | 15 | 7.39 | 7.35 | 7.42 | 7.46 |

| 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 |

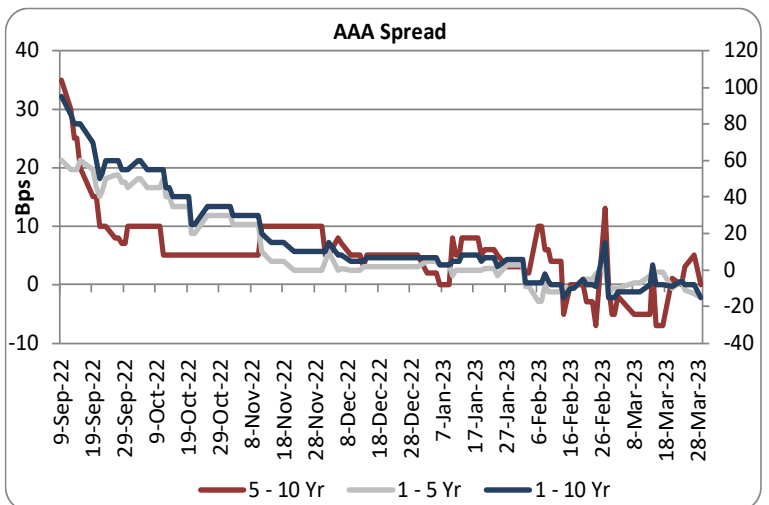
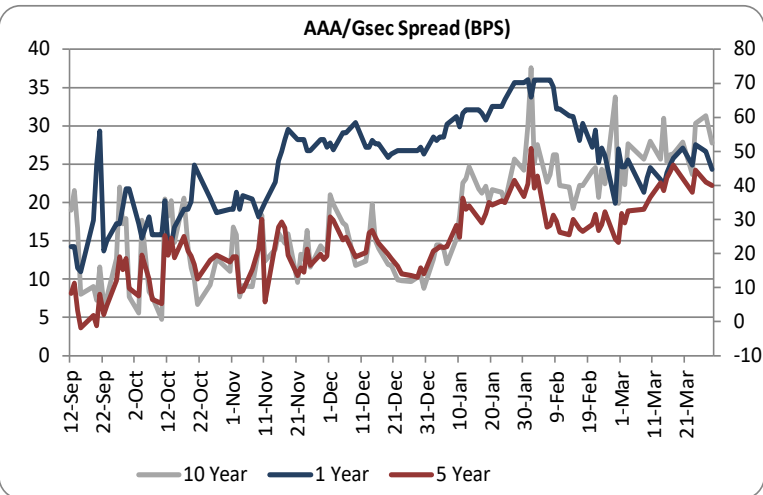
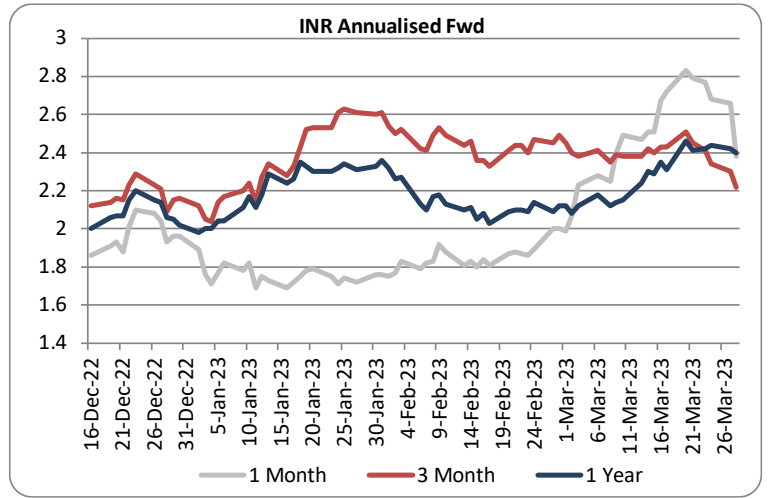
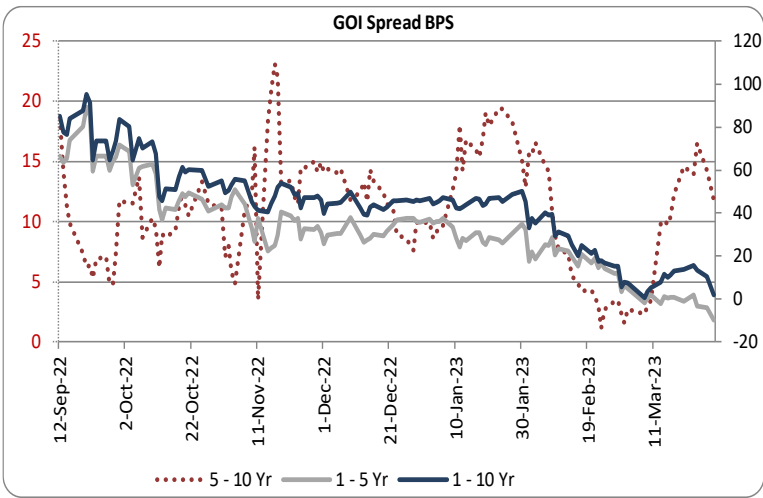
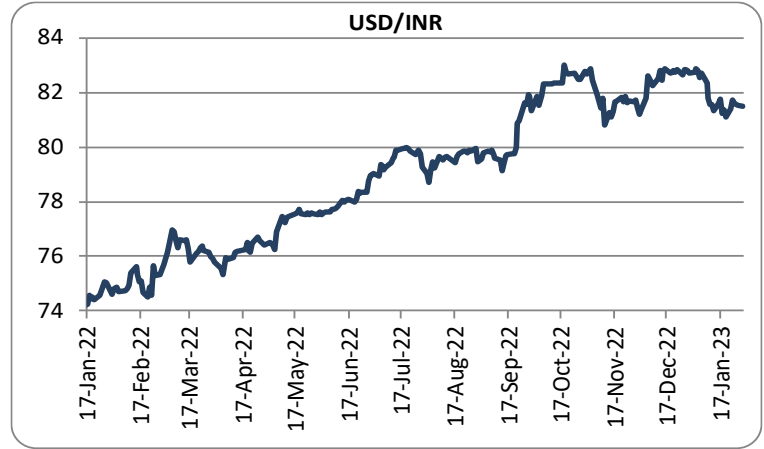
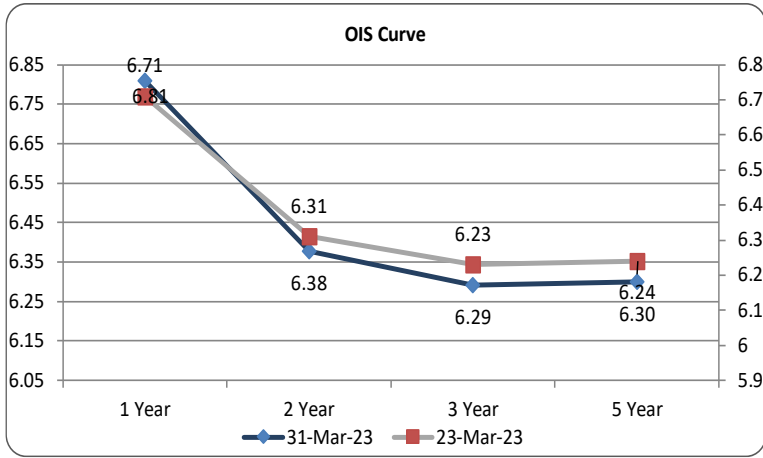
| DEBT | | | |
|-----------|----------------|-------------|----------------|
| FII | Gross Purchase | Gross Sales | Net Investment |
| 31-Mar-23 | 1089 | 4992 | -3904 |

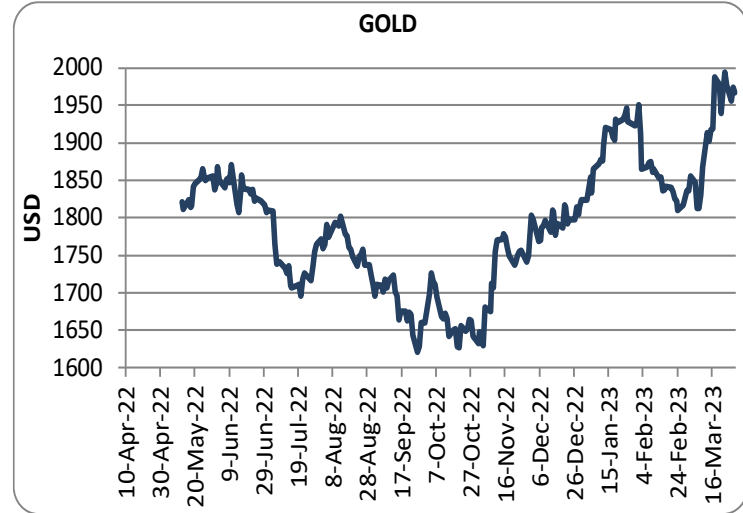
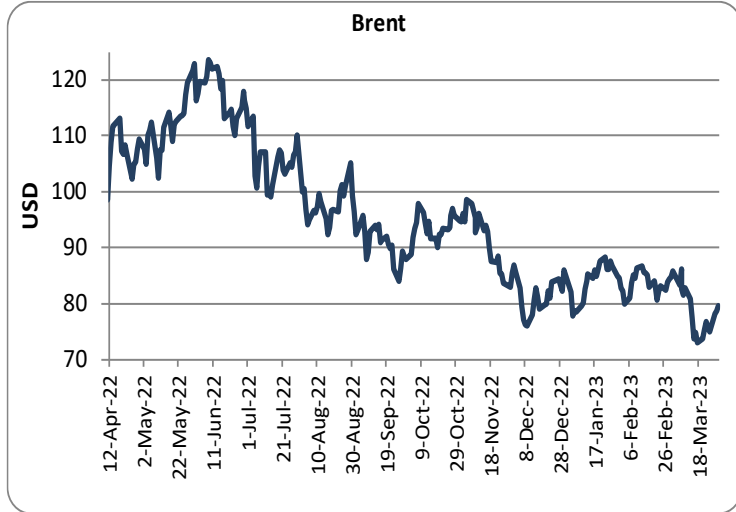
| EQUITY | | |
|----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 9916 | 9080 | 835 |

| TOTAL (Rs. Crs) | | |
|-----------------|-------------|----------------|
| Gross Purchase | Gross Sales | Net Investment |
| 11004 | 14073 | -3068 |

| 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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