SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
17TH JUNE 2025

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	86.234	+0.48
BRENT OIL	74.57	+1.83
GOLD	34143.40	-0.12
India 10Y	6.2646	-0.13
US 10 YR	4.410	-0.90
NIFTY 50	24853.40	-0.37
SENSEX	81583.30	-0.26

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	5.5000	5.4700
G-SEC 2028	5.8465	5.8255
G-SEC 2033	6.3451	6.3423
G-SEC 2037	6.5733	6.5828
G-SEC 2053	7.0248	7.0009
SDL 2027	6.0000	6.0403
SDL 2033	6.6501	6.6998

ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.6783	102.3057
REC LIMITED SR 249B 6.70 BD 31DC29 FVRS1LAC	6.7088	100.0100
REC LIMITED SR 249A 6.37 BD 31MR27 FVRS1LAC	6.3944	100.000
DALMIA CEMENT (BHARAT) LIMITED SR DCBL2035 7.49 NCD 06JU35 FVRS1LAC	7.4870	7.4870
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	6.6392	102.1232
NATIONAL HOUSING BANK 7.59 BD 08SP27 FVRS1LAC	6.5000	102.2280
L&T FINANCE LIMITED SR B OP 1 7.2092 NCD 29JU27 FVRS1LAC	7.2134	100.000
BAJAJ HOUSING FINANCE LIMITED NCD 7.50 09AP35 FVRS1LAC	7.4000	100.6090
TATA CAPITAL LIMITED SR A 7.62 NCD 08AP30 FVRS1LAC	7.2650	101.3394

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.5000	5.4825	5.4950	5.4725	5.7000	5.6900

BOND MARKET

The 10-year benchmark (6.33% GS 2035) recorded a close of 6.2646%, ending 0.86 bps lower than the close of the previous day's trading session. Yields traded in the range of 6.2520 to 6.2759. during the day.

DOMESTIC BROADCAST

RBI Governor Sanjay Malhotra stated that if inflation falls below current projections, it could create room for more policy easing but emphasized the need to monitor incoming data to maintain a growth-inflation balance. Despite a surprise 50 bps rate cut and a shift to a 'neutral' stance, he clarified this doesn't signal an imminent policy reversal. Malhotra defended the current surplus liquidity as necessary to meet economic credit needs and dismissed concerns about asset bubbles. He highlighted ongoing assessments to better align the call rate with the repo rate, potentially using VRRR auctions, but said the recent 100 bps CRR cut to 3% shouldn't be seen as a sign of frequent CRR usage for liquidity management.

On June 16, 2025, the overnight money market volume was ₹617545.69 crore at a 5.21% average rate. Net liquidity absorption was ₹268070.68 crore.

GLOBAL BROADCAST

The EU has declined to join the upcoming EU-China High-Level Economic and Trade Dialogue, citing a lack of progress in resolving trade disputes. Despite China's push to improve ties ahead of the July 24–25 leaders' summit, EU officials see no meaningful advancement in talks, underscoring ongoing tensions in their economic relationship.

The Bank of Japan held interest rates steady at 0.5% and announced a slower pace of balance sheet reduction, citing global uncertainties and inflation risks. Government bond purchases will decline by ¥400 billion per quarter until March 2026, then by ¥200 billion per quarter through FY2026, targeting ¥2 trillion monthly purchases by March 2027. The 10-year JGB yield rose to 1.485%, the highest since June 4, as the BOJ also trimmed shorter-dated bond buying for July–September. Despite core inflation hitting 3.5% in April—well above the 2% target—the BOJ remains cautious, aiming to support markets while inflation stays elevated due to a weak yen, rising oil prices, and labour shortages. A policy review is set for June 2026. ($1 = ¥144.91)

SPREAD ANALYSIS

The India 10 Years vs the United States 10Years Government Bond spread value is 221.46 bps, 1.74 bps higher than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.

2 Years vs 1 Years bond spread is 18.46 bp.
5 Years vs 2 Years bond spread is 27.41 bp.
10 Years vs 2 Years bond spread is 52.17 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended higher compared to the previous day, the market experienced good liquidity and slight positive yield movement. The yield is projected to fluctuate between 6.23% and 6.30%.