SOVEREIGN global

DAILY REPORT INDIAN DEBT MARKET 19TH JUNE 2025

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	86.887	+0.33
BRENT OIL	77.66	+0.23
GOLD	3404.95	-0.10
India 10 YR	6.3095	+0.76
US 10 YR	4.394	+0.09
NIFTY 50	24793.25	-0.076
SENSEX	81361.87	-0.10

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	5.4600	5.4500
G-SEC 2028	5.8335	5.8117
G-SEC 2033	6.4007	6.3500
G-SEC 2037	6.6226	6.5838
G-SEC 2053	7.0650	7.0369
SDL 2027	-	-
SDL 2033	-	6.6742

ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
NTPC LIMITED SR 84 6.89 NCD 18JU35 FVRS1LAC	6.8860	100.000
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.6982	102.1466
NATIONAL HOUSING BANK 7.59 BD 08SP27 FVRS1LAC	6.5079	102.2140
RURAL ELECTRIFICATION CORPORATION LIMITED SR 218 A 7.56 BD 30JU26 FVRS1LAC	6.4600	101.0707
FOOD CORPORATION OF INDIA SR X 7.09 BD 13AG31 FVRS10LAC	6.9450	100.6352
THE ANDHRA PRADESH MINERAL DEVELOPMENT CORPORATION LIMITED SR I STRPP A 9.30 BD 07MY27 FVRS1LAC	9.2242	100.4700
HINDUSTAN PETROLEUM CORPORATION LIMITED SR I 6.73 NCD 29AP30 FVRS1LAC	6.6000	100.8480
HDFC BANK LIMITED SR U001 9.05 NCD 16OT28 FVRS10LAC	7.0000	105.8137
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	6.6800	102.0189

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.4900	5.5250	5.4800	5.5300	5.6750	5.7500

BOND MARKET

The 10-year benchmark (6.33% GSEC 2035) recorded a close of 6.3095%, ending at 4.80 bps higher than the day's trading session.

DOMESTIC BROADCAST

On Thursday morning, Indian government bond yields saw a rise, largely driven by soaring oil prices. Investors are eagerly anticipating new debt offerings amid ongoing tensions in the Middle East, which are contributing to market volatility. New Delhi plans to issue bonds totalling 270 billion rupees on Friday.

Money market operations on June 18, 2025: Overnight segment totaled ₹599803.47 crores at a 5.18% weighted average rate. The segment's significant operations included triparty repo at ₹398470.60 crore and 5.19%. RBI's net liquidity absorption stood at ₹294684.00 crore.

GLOBAL BROADCAST

The Fed held rates steady at 4.25%–4.50% in June 2025 for a fourth straight meeting, citing caution amid ongoing policy uncertainty under President Trump. It still projects two cuts in 2025, but only one 25 bps cut in both 2026 and 2027. The Fed trimmed its GDP forecast to 1.4% for 2025 and 1.6% for 2026, raised inflation estimates to 3.0% (2025) and 2.4% (2026), and sees unemployment rising to 4.5% through 2026.

China is expected to keep its benchmark lending rates unchanged at Friday's monthly fixing, following recent easing measures and optimism over a U.S.-China trade deal. All 20 analysts in a Reuters survey predicted no change in the one-year and five-year loan prime rates. While May saw the first LPR cut since October, weak economic data and deflationary pressures suggest more stimulus may follow, with economists expecting a 10 bps reverse repo rate cut and a possible 50 bps RRR reduction later this year.

U.S. jobless claims fell to 245,000 last week but remain elevated, signalling a slowing labor market amid Trump's tariff policies and economic uncertainty. Layoffs rose across multiple sectors, while the four-week average hit its highest since August 2023. Meanwhile, housing permits dropped to a two-year low in May due to high borrowing costs, tariffs on building materials, and labor shortages, with total housing starts plunging 9.8% to a five-year low. The Fed held rates steady at 4.25%-4.50%, projecting a sluggish economic outlook with two cuts expected later this year.

SPREAD ANALYSIS

The India 10 Years vs the United States 10 Years Government Bond spread value is 191.55 bps, 2.9 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 18.44 bp
5 Years vs 2 Years bond spread is 31.64 bp.
10 Years vs 2 Years bond spread is 54.18 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended higher compared to the previous day. The yield is projected to fluctuate between 6.25 and 6.35%.