DAILY REPORT
INDIAN DEBT MARKET
01ST August 2025

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	87.303	-0.22
BRENT OIL	70.81	-1.24
GOLD	3403.92	+1.65
INDIA10YR	6.3680	-0.09
US10YR	4.228	-3.03
NIFTY50	24565.35	-0.82
SENSEX	80599.91	-0.72

G-SEC/BONDS YIELDS

SECURITY	LTY(%) TODAY	LTY(%) PREV DAY
364DTB	5.3000	5.5200
G-SEC2028	5.9001	5.9012
G-SEC2034	6.4533	6.4136
G-SEC2039	6.7029	6.6968
G-SEC2054	7.0292	7.0314
SDL2027	-	5.9604
SDL2033	6.8893	6.9468

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR I 6.66 BD 25OT28 FVRS1LAC	6.6753	99.9700
MUTHOOT FINANCE LIMITED SR 28-A OP I 8.40 NCD 28AG28 FVRS1LAC	7.9391	101.1826
KOTAK MAHINDRA PRIME LIMITED 7.05 NCD 10AP28 FVRS1LAC	7.0400	100.0389
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 190 6.65 BD 20MY30 FVRS1LAC	6.7000	99.7818
L&T METRO RAIL (HYDERABAD) LIMITED 7.55 NCD 28AP35 FVRS1LAC	7.7378	100.0200
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.6989	102.1173
MAHINDRA RURAL HOUSING FINANCE LIMITED SR MRHFL AA2025 7.15 NCD 21JL28 FVRS1LAC	7.1500	99.9801

AUCTION RESULT OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF YIELD	AMOUNT
6.68% GSEC 2040	2040	99.82/6.6985	16,000
6.90% GSEC 2065	2065	97.58/7.0818	16,000
TOTAL	36,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.5050	5.5100	5.4725	5.4700	5.7275	5.7150

BOND MARKET

The 10-year benchmark recorded (6.33% GS 2035) a close of 6.3680%, 0.55 bps lower than the close of the previous day's trading session.

DOMESTIC BROADCAST

The Reserve Bank of India conducted a buyback auction of Government of India dated securities on July 31, 2025. The aggregate notified amount was ₹30,000 crore, against which participants offered securities worth ₹28,471.047 crore. Of this, the RBI accepted securities worth ₹17,249.895 crore. For the 7.27% GS 2026 security, 19 offers were received for a total face value of ₹5,144.255 crore, out of which 16 offers were accepted, amounting to ₹4,584.255 crore. The cut-off price for this security was ₹101.15, and the weighted average price stood at ₹101.10. For the 5.63% GS 2026 security, 37 offers were received totaling ₹10,879.570 crore, with 25 offers accepted worth ₹6,974.570 crore. The cut-off price was ₹100.04, and the weighted average price was ₹100.03. Lastly, for the 6.99% GS 2026 security, 16 offers were received amounting to ₹12,447.222 crore, of which 11 were accepted, totaling ₹5,691.070 crore. The cut-off price was ₹100.97, while the weighted average price was ₹100.95.

On JULY 31, 2025, money market operations recorded ₹602930.30 crore at a WAR of 5.44%. RBI operations resulted in a net liquidity absorption of ₹286387.79 crore.

GLOBAL BROADCAST

The U.S. added only 73,000 jobs in July, well below expectations, with steep downward revisions to May and June figures, signaling a cooling labor market. The unemployment rate edged up to 4.2%, and labor force participation dipped slightly to 62.2%, partly due to immigration policy changes. While a weaker job market could support the case for Fed rate cuts, inflation remains above target and may be pressured further by Trump's tariffs. The Fed held rates steady for a fifth meeting, but future policy remains uncertain as it balances slowing job growth with persistent inflation risks.

Eurozone inflation held steady at 2.0% in July, slightly above expectations but still within the ECB's target, reducing pressure for further rate cuts after the central bank ended its easing cycle last month. Core inflation remained at 2.3%, with price growth subdued in major economies except Spain. The ECB kept rates unchanged at 2% and signaled a modestly positive economic outlook, though uncertainty over upcoming U.S. tariffs on EU goods persists. Markets now see less than a 50% chance of another cut in 2025, with a possible hike priced in for late 2026.

The ISM Manufacturing PMI fell to 48.0 in July, below the forecasted 49.5 and June's 49.0, signaling a deeper contraction in the U.S. manufacturing sector. The index, based on data from over 400 industrial firms, reflects declines in key components like new orders and production. The weaker-than-expected reading raises concerns about potential economic headwinds and may weigh on the U.S. dollar, as it suggests slowing momentum in the industrial economy.

SPREAD ANALYSIS

The India 10Years vs the United States 10 Years Government Bond spread value is 214 bps, 2.54 bps higher than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1 Year bond spread is 12.24 bp.
5 Years vs 2 Years bond spread is 31.95 bp.
10 Years vs 2Years bond spread is 62.41 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended lower compared to the previous day and maintained good liquidity. The yield is projected to fluctuate between 6.34% and 6.36%.

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