

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	86.297	+0.18
BRENT OIL	69.01	-0.39
GOLD	3397	+1.15
India 10Y	6.2996	-0.10
US 10 YR	4.3650	-1.49
NIFTY 50	25090.07	+0.49
SENSEX	82200.34	+0.54

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	5.5425	5.4900
G-SEC 2028	5.8015	5.7828
G-SEC 2034	6.3856	6.3586
G-SEC 2039	6.6212	6.6292
G-SEC 2054	6.9495	6.9526
SDL 2027	6.0011	6.0290
SDL 2033	6.7802	6.8206

ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
BAJAJ HOUSING FINANCE LIMITED 6.97 NCD 17JL28 FVRS1LAC	6.9628	100.000
HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED SR D 6.64 NCD 17JL28 FVRS1LAC	6.6302	100.2454
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.7300	102.0577
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25A 7.70 BD 30SP27 FVRS1LAC	6.5702	102.2008
L&T FINANCE LIMITED SR B OP 1 7.2092 NCD 29JU27 FVRS1LAC	7.1000	100.1769
REC LIMITED SR 250 B 7.06 BD 30JU35 FVRS1LAC	7.0326	100.1619
L&T FINANCE LIMITED SR F 7.12 NCD 15JL27 FVRS1LAC	7.1186	99.9954
HDB FINANCIAL SERVICES LIMITED SR 188 7.84 NCD 14JL26 FVRS10LAC	6.8917	100.8504
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED SR AF2022 7.9 NCD 30AG27 FVRS10LAC	7.0100	101.6631
POONAWALLA FINCORP LIMITED SR C2 7.58 NCD 12SP28 FVRS1LAC	7.5432	99.8904
POWER FINANCE CORPORATION LIMITED SR 251A 6.27 BD 15JL27 FVRS1LAC	6.6058	99.3900

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.4925	5.4825	5.4675	5.4600	5.6900	5.6750

BOND MARKET

The 10-year benchmark recorded a close of 6.2996%, ending at 0.62 bps lower than the close of the previous day's trading session.

DOMESTIC BROADCAST

Indian mutual funds and insurers are increasingly adopting an accrual strategy, focusing on interest income from corporate bonds amid stable government bond yields. Fund managers are favouring shorter-duration (2–3 year) bonds as yields rise, with spreads over government bonds widening to 85 bps. Mutual funds are reallocating from long-term G-Secs to short-term corporate bonds, driven by the RBI's liquidity tightening. In contrast, insurance companies prefer longer-duration (5–10 year) corporate bonds, where spreads remain attractive at 75–85 bps.

On JULY 18, the RBI reported ₹ 7138.57, at 5.28% of market activity in the overnight and term segments. Under RBI operations, MSF saw ₹151 crore at 5.75%, and SDF saw ₹131210 crore at 5.25%. The net liquidity absorbed totaled ₹309515.52 crore.

GLOBAL BROADCAST

Euro zone firms remain optimistic about future growth, with 23% expecting improved turnover next quarter, according to an ECB survey. However, profit margins continue to shrink, especially for small and medium enterprises, due in part to trade tensions and supply chain disruptions. Nearly 30% of firms reported concerns over delays or shortages, prompting many to restructure supply chains and focus more on domestic and EU markets. While long-term inflation expectations held steady, firms lowered their one-year price growth outlook to 2.5% from 2.9%.

U.S. consumer sentiment rose to a five-month high of 61.8 in July, according to the University of Michigan, but remains below historical norms amid concerns over new U.S. tariffs. One-year and five-year inflation expectations eased to 4.4% and 3.6%, respectively—the lowest since February—though still above late 2024 levels, indicating lingering inflation concerns. Despite policy developments like Trump's budget bill, consumer confidence remains subdued, with inflation fears tied to trade policy uncertainty. While aggressive tariffs risk fueling inflation, recent data showed strong retail sales, low jobless claims, and stable inflation. With Trump's reciprocal tariffs set to begin August 1, the White House has struck preliminary trade deals with countries like the UK, China, Vietnam, and Indonesia, though key partners like the EU remain unresolved.

SPREAD ANALYSIS

The India 10 Years vs the United States 10 Years Government Bond spread value is 193.16 bps, 4.34 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities

2 Years vs 1 Years bond spread is 14.01 bps.
 5 Years vs 2 Years bond spread is 39.58 bps.
 10 Years vs 2Years bond spread is 59.75 bps.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended lower than the previous. We expect the yield to fluctuate between 6.27% to 6.33%.