SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
28TH MAY 2025

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	85.360	+0.04
BRENT OIL	63.87	+0.47
GOLD	3336.20	+0.01
India 10 YR	6.1743	+0.486
US 10 YR	4.466	+0.48
NIFTY 50	24752.45	-0.30
SENSEX	81312.32	-0.29

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	5.6150	5.6500
G-SEC 2028	5.7366	5.7528
G-SEC 2033	6.2193	6.2309
G-SEC 2037	6.3665	6.3752
G-SEC 2053	6.7867	6.7939
SDL 2027	-	5.9398
SDL 2033	6.5832	6.5366

ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
REC LIMITED SR 248A 6.52 BD 31JN28 FVRS1LAC	6.5654	99.9912
BAJAJ FINANCE LIMITED NCD 7.38 28JU30 FVRS1LAC	7.2253	100.6191
POWER GRID CORPORATION OF INDIA LIMITED SR LXXXI 6.94 BD 15AP35 FVRS1LAC	6.7600	101.2153
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	6.6015	102.2722
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.6029	102.5410
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 E 9.35 NCD 31DC31 FVRS1LAC	9.0436	102.8339
MUTHOOT FINANCE LIMITED SR 28-A OP I 8.40 NCD 28AG28 FVRS1LAC	8.100	100.7485
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED SR SD73 8.92 NCD 02DC34 FVRS1LAC	8.6500	101.5975
BHARTI TELECOM LIMITED SR X 8.80 LOA 21NV25 FVRS10LAC	7.6151	10.3971

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.5500	5.5600	5.4325	5.4550	5.6275	5.6300

BOND MARKET

The 10-year benchmark recorded a close of 6.1743%, ending at 2.89 bps lower than the close of the previous day's trading session. Yields traded in the range of 6.1740 to 6.1990during the day.

DOMESTIC BROADCAST

Indian bonds are expected to rally further as the RBI is likely to cut interest rates by up to 100 basis points to 5%, diverging sharply from the U.S. Federal Reserve's rate pause, according to Citigroup. This policy divergence is weakening the historical link between Indian bonds and U.S. Treasuries, which traditionally guided investor sentiment through yield spreads. Indian 10-year yields have dropped over 30 bps since April, while U.S. yields have risen, narrowing the spread to a 20-year low. Citi sees India's 10-year yield falling to 6% in the next three months.

Money market operations on May 27, 2025: Overnight segment totaled ₹594972.31 crores at a 5.72% weighted average rate. The segment's significant operations included triparty repo at ₹1744.15 crore and 5.82%. RBI's net liquidity absorption stood at ₹188510.44 crore.

GLOBAL BROADCAST

The U.S. Federal Reserve is expected to maintain its current interest rate (4.25%–4.50%) following its May 6–7 meeting, as policymakers adopt a cautious "wait-and-see" stance amid trade policy uncertainty. The minutes, due Wednesday, will likely reflect concerns over erratic tariff moves by the Trump administration, which have clouded the economic outlook. While recent data show stable growth and easing inflation, Fed officials remain uncertain about potential inflationary or disinflationary effects from tariffs.

Bank of America warns that euro area consumers face a "double whammy" of economic uncertainty and rising confusion, based on European Commission survey data. The dispersion in consumer expectations—especially about future prices—has reached a two-year high, driven not just by uncertainty but also by growing disagreement across demographics like income and age. This confusion weakens the reliability of sentiment indicators. In contrast, businesses show more predictable responses aligned with actual uncertainty. BofA notes that the economic impact of confusion and disagreement remains unclear and depends on the type of shock.

SPREAD ANALYSIS

The India 10 Years vs the United States 10 Years Government Bond spread value is 170.83 bps, 2.89 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 6.97 bp
5 Years vs 2 Years bond spread is 16.89 bp.
10 Years vs 2 Years bond spread is 45.67 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended lower compared to the previous day. The yield is projected to fluctuate between 6.15% and 6.25%.