SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
5Th May 2025

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	84.463	-0.18
BRENT OIL	58.95	+0.31
GOLD	3255.20	+0.70
India 10Y	6.3247	-0.46
US 10 YR	4.318	+0.18
NIFTY 50	24461.15	+0.47
SENSEX	80796.84	+0.34

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	5.9100	5.9000
G-SEC 2028	6.0191	6.0451
G-SEC 2033	6.3217	6.3340
G-SEC 2037	6.4285	6.4518
G-SEC 2053	6.7670	6.7787
SDL 2027	6.2704	6.3347
SDL 2033	6.6274	6.6801

ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 F 9.35 NCD 31DC32 FVRS1LAC	9.0512	103.1214
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25A 7.70 BD 30SP27 FVRS1LAC	6.8546	101.7467
MUTHOOT FINANCE LIMITED 8.20 NCD 30AP30 FVRS1LAC	8.2161	100.000
REC LIMITED SR 247 A 6.87 BD 31MY30 FVRS1LAC	6.8620	100.000
NATIONAL HOUSING BANK 6.80 BD 02AP32 FVRS1LAC	6.7954	100.000
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.9375	101.7063
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 E 9.35 NCD 31DC31 FVRS1LAC	9.0492	102.8309
POWER FINANCE CORPORATION LIMITED SR 246B 7.38 BD 15JN32 FVRS1LAC	6.9250	102.3325
ICICI HOME FINANCE COMPANY LIMITED SR HDBAPR261 7. 3108 BD 28JU27 FVRS1LAC	7.2800	100.0879
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 189 6.78 BD 30AP30 FVRS1LAC	6.7784	100.000

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.6175	5.6375	5.4800	5.4950	5.5800	5.5925

BOND MARKET

The 10-year benchmark recorded a close of 6.3247%, ending 2.9 bps higher than the close of the previous day's trading session. The yield was in the range of 6.3191 to 6.3621.

DOMESTIC BROADCAST

SBI Research expects the Reserve Bank of India (RBI) to cut rates aggressively in FY26, forecasting a cumulative 125 basis points (bps) reduction—75 bps in June and August, and another 50 bps in the second half. This outlook is driven by a sharp decline in inflation, with March 2025 CPI at a 67-month low of 3.34%, mainly due to falling food prices. The report anticipates average CPI inflation below 4% for FY26, and possibly under 3% in Q1, assuming no major food price shocks. However, it warns that rate cuts could widen the credit-deposit gap as deposit rates fall.

On May 2, the RBI reported ₹ 8819.35, at 5.80% market activity in the overnight and term segments. Under RBI operations, MSF saw ₹513 crore at 6.25%, and SDF saw ₹192051 crore at 5.75%. The net liquidity absorbed totaled ₹157876.84 crore.

GLOBAL BROADCAST

The ISM Services PMI fell sharply to 50.8 in March 2025 from 53.5 in February, well below forecasts of 53. The reading pointed to the softest expansion in the services sector since June last year. New orders (50.4 vs 52.2) and inventories (50.3 vs 50.6) slowed, and employment contracted sharply (46.2 vs 53.9). Also, supplier deliveries eased (50.6 vs 53.4) and backlogs of orders indicated contraction for the seventh time in the last eight months (47.4 vs 51.7). Meanwhile, production rose faster (55.9 vs 54.4) and price pressures eased (60.9 vs 62.6).

Russia's manufacturing sector contraction eased in April, with the PMI rising to 49.3 from 48.2 in March, indicating a slower pace of decline. Output and new orders contracted marginally, while employment dropped after three months of growth. Despite weak demand and reduced purchasing power, business confidence stayed strong on hopes of demand recovery and product expansion. Input cost inflation slowed to its weakest since February 2020, helping temper selling price increases. Firms slightly increased purchases to rebuild inventories as supplier delivery times stabilized.

SPREAD ANALYSIS

The India 10 Years vs the United States 10 Years Government Bond spread value is 200.67 bps, 12.38 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 2.6 bps.
5 Years vs 2 Years bond spread is 12.40 bps.
10 Years vs 2Years bond spread is 34.38 bps.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended higher than the previous. We expect the yield to fluctuate between 6.30% to 6.35%.