

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	85.644	-0.22
BRENT OIL	65.41	+0.11
GOLD	3386.35	+0.05
INDIA 10YR	6.2373	+0.66
US 10YR	4.387	-0.04
NIFTY50	25003.05	+1.02
SENSEX	82188.99	+0.92

G-SEC/BONDS YIELDS

SECURITY	LTY(%)TODAY	LTY(%)PREV DAY
364DTB	5.4500	5.5500
G-SEC2028	5.6564	5.7102
G-SEC2033	6.2551	6.2238
G-SEC2037	6.4576	6.4002
G-SEC2053	6.8944	6.8208
SDL2027	5.8616	5.9993
SDL2033	6.6401	6.6103

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 191B 6.58 BD 30MY30 FVRS1LAC	6.5616	100.3477
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.3851	103.3045
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR III 7.34 BD 26FB29 FVRS1LAC	6.4934	102.7438
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR VIII 7.49 BD 11JU29 FVRS1LAC	6.4920	6.4920

AUCTION RESULT OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF YIELD	AMOUNT
6.92% GS 2039	2039	6.5043/103.85	16000
6.90%GS 2065	2065	6.9489/99.33	16000
TOTAL	32,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.5000	5.4800	5.4100	5.4400	5.6000	5.6750

BOND MARKET

The 10-year benchmark recorded (6.33% GS 2035) a close of 6.2373%, 4.13 bps higher than the close of the previous day's trading session. Yields traded in the range of 6.1059 to 6.2400 during the day.

DOMESTIC BROADCAST

The Reserve Bank of India unexpectedly cut the repo rate by 50 basis points to 5.5% and reduced the cash reserve ratio (CRR) by 100 bps to 3%, citing easing inflation and rising global uncertainties. Governor Sanjay Malhotra announced a shift in stance from 'accommodative' to 'neutral' and revised the CPI inflation forecast for FY26 down to 3.7%, while maintaining GDP growth at 6.5%. The larger-than-expected rate cut, aimed at front-loading policy support, reflects caution amid global risks and modest domestic growth. Markets reacted with a slight dip in the rupee and a rebound in

On JUNE 05, 2025, money market operations recorded ₹577133.57 crore at a WAR of 5.67%. RBI operations resulted in a net liquidity absorption of ₹303363.14 crore.

GLOBAL BROADCAST

Global food commodity prices fell 0.8% in May, led by declines in cereals, sugar, and vegetable oils, according to the FAO. Cereal prices dropped 1.8% due to strong maize harvests, while rice rose 1.4% on firm demand. Vegetable oil prices fell 3.7%, and sugar declined 2.6% on weak demand and better production outlooks. Meat and dairy prices rose 1.3% and 0.8% respectively, with beef at a record high and strong Asian demand boosting dairy. The FAO also projected record global cereal production of 2.911 billion tons in 2025, with stocks set to rise 1% as output outpaces consumption.

Danske Bank has downgraded its 2025 U.S. growth forecast to 1.6% from 2.3%, citing faster-than-expected implementation of sweeping tariffs under President Trump, which are expected to weigh on the economy and push up prices, particularly in the second half of 2025. While a recession isn't projected, growth is seen slowing further to 1.3% in 2026. Despite some tariff pauses, the U.S. effective tariff rate now stands at 15%, its highest since WWII. Inflation is expected to ease slightly due to lower oil prices, with 2025 inflation revised to 2.8% (from 3.0%), while core inflation remains at 3.0%.

European Central Bank (ECB) policymakers celebrated inflation returning to the 2% target after years of overshooting, prompting a rate cut and signaling a pause in further easing. However, concerns are rising that inflation may now fall too low, with projections showing it could approach 1% by early next year. While eurozone Q1 growth exceeded expectations at 0.6%, economists caution it was skewed by one-off factors, including pre-tariff exports and Irish data. Trade tensions, German economic stagnation, and weak long-term growth pose downside risks, though some officials argue inflation will stabilize and see no urgency for continued rate cuts, emphasizing the need to preserve policy flexibility.

SPREAD ANALYSIS

The India 10Years vs the United States 10 Years Government Bond spread value is 185.03 bp, 10.68 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1 Year bond spread is 0.79 bp.
5 Years vs 2 Years bond spread is 13.65 bp.
10 Years vs 2Years bond spread is 62.74 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended higher compared to the previous day and maintained good liquidity. The yield is projected to fluctuate between 6.20% and 6.30%.