

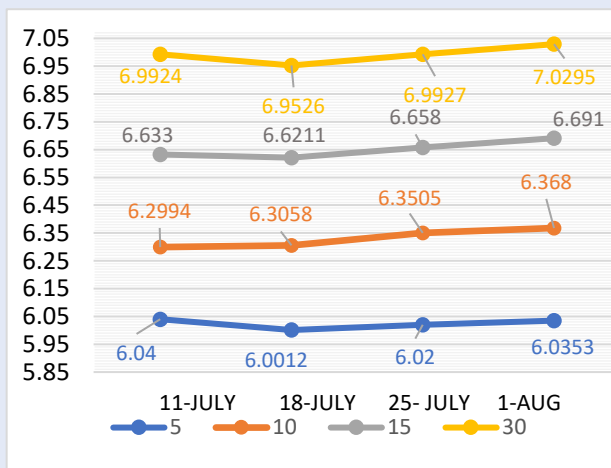


02ND AUGUST 2025

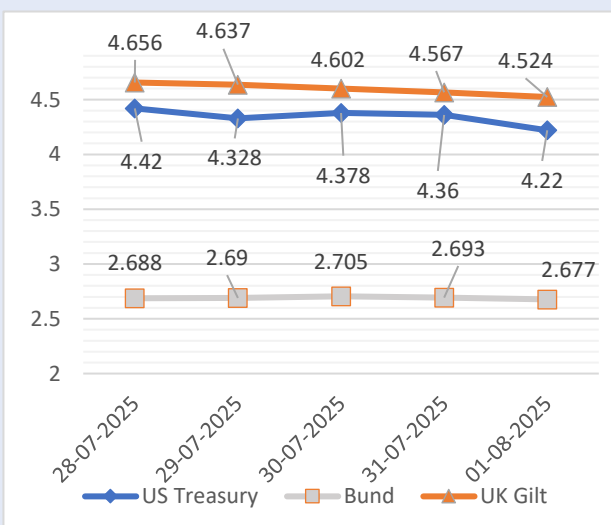
MARKET OVERVIEW

	28 JULY	29 JULY	30 JULY	31 JULY	01 AUG
USD/INR	86.697	87.108	87.691	87.524	87.245
OIL	70.04	72.51	73.24	72.53	69.67
GOLD	3366.8	3381.2	3367.2	3340.1	3401.3
India 10 Y	6.3700	6.3589	6.3700	6.3735	6.3680
US 10 Y	4.420	4.328	4.378	4.360	4.220
NIFTY 50	24680	24828	24846	24764	24570
SENSEX	80870	81300	81478	81202	80584

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark (6.33% GS 2035) yield concluded the week at 6.3680 at 1.75 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (1.75 bps higher), 10Y UST (1 bps above), 10Y Bund (3.9 bps below), and 10Y UKT (10 bps below).

The U.S. added only 73,000 jobs in July, well below expectations, with steep downward revisions to May and June figures, signalling a cooling labour market. The unemployment rate edged up to 4.2%, and labour 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.

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 signalled a modestly positive economic outlook, though uncertainty over upcoming U.S. tariffs on EU goods persists.

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.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
JULY 21	-	10750	56852
JULY 22	-	13273	63745
JULY 23	-	820	78428
JULY 24	-	362	117991
JULY 25	125008	1906	174961
JULY 26	-	484	119530

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JULY 26. 2024	JULY 18. 2025	JULY 25. 2025
	1	2	3
Call Money	17812	28444	29057
Notice Money	846	7685	1620
Triparty Repo	693314	788486	682533
Market Repo	566606	750243	610007
Repo in Corporate Bond	3283	9722	9721

Most Actively Traded Debt.

Paper	Yield (%)	LTP
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
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR I 6.66 BD 25OT28 FVRS1LAC	6.6753	99.9700

Indian Market update:

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 totalling ₹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, totalling ₹5,691.070 crore. The cut-off price was ₹100.97, while the weighted average price was ₹100.95.

The RBI is expected to keep the repo rate unchanged at 5.50% in its August 6 meeting, despite June's sharp inflation drop. Capital Economics sees no further cuts, citing the RBI's clear signal in June that the easing cycle is over. The firm expects the rate to remain steady well into 2026, as the central bank balances lower inflation with its stated policy stance.

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

UPCOMING AUCTIONS

- **5TH AUG** – RBI announced the SDL auction, in which 12 states will be raising aggregating to 27,100 crores.
- **6TH AUG** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 10,000, 6000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	28 JULY	29 JULY	30 JULY	31 JULY	01 AUG
OPEN	86.4	86.7	87.0	87.7	87.4
HIGH	86.7	87.1	87.8	87.7	87.6
LOW	86.4	86.7	87.0	87.5	87.1
CLOSE	86.6	87.1	87.6	87.5	87.2

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.50	6.00
USA	4.50	4.50
UK	4.25	4.50
CHINA	3.00	3.10
EURO AREA	2.15	2.40
JAPAN	0.50	0.50

Key Events

DATE	EVENTS
04-AUGUST	Switzerland Inflation, US Factory Orders
05-AUGUST	Worldwide Services, Composite PMIs, inc. global PMI, South Korea Inflation, Japan BoJ Meeting Minutes, US Services PMI,
06-AUGUST	India RBI Interest Rate Decision, Eurozone HCOB Construction PMI, United States S&P Global Construction PMI, Eurozone Retail Sales, New Zealand Employment Change
07-AUGUST	United Kingdom BoE Interest Rate Decision, Germany Industrial Production, Germany Trade, United Kingdom Halifax House Price Index, Australia Trade
08-AUGUST	Japan BoJ Summary of Opinions, Canada Employment

Currency Movement:

The Indian rupee and government bonds are expected to be influenced by several factors this week, notably the upcoming U.S. Federal Reserve policy decision and the August 1 reciprocal tariff deadline, which may lead to cautious trading. On Friday, the rupee ended the week at 86.5150 against the U.S. dollar, weakening by 0.4%, weighed down by foreign portfolio outflows and lingering uncertainty over a potential U.S.-India trade deal.

The Indian rupee weakened on Monday. Importers' demand for dollars at month-end put pressure on the currency. However, the rupee mostly avoided the impact of a stronger dollar. This was due to a lack of significant outflows. Investors are awaiting U.S. economic data and the Federal Reserve's policy decision. European equities rose, and the euro declined following a U.S.

Key updates and week ahead:

In the upcoming week, key U.S. data releases—including final manufacturing PMI, ISM and S&P Global Services PMI—will offer insights into non-manufacturing performance, with early data showing strength in services but weakness in manufacturing. Price pressures in services may influence monetary policy, while U.S. factory orders and trade data will shed light on tariff effects.

The Bank of England is expected to cut rates at its August meeting amid slowing output and job cuts, as indicated by July UK PMI data, though easing inflation pressures support the move. In Europe, Germany's trade data will be in focus, with rising goods exports partially offsetting weakness in the service sector, according to the HCOB Flash Germany PMI.

Trade and inflation data will be in focus from mainland China in the coming week, while a central bank meeting unfolds in India albeit with no change to the repo rate expected. Tier-1 data are also anticipated from various economies around the region.