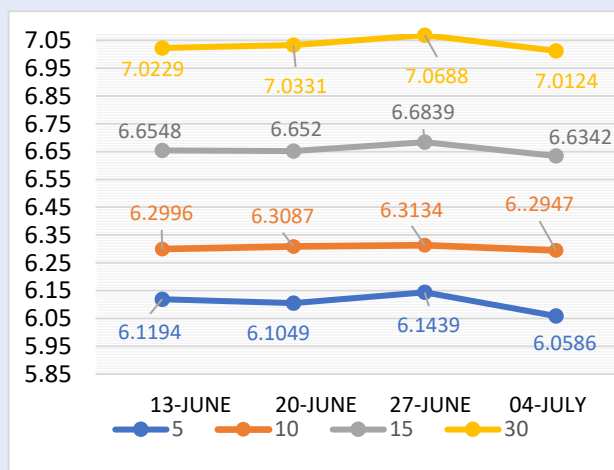
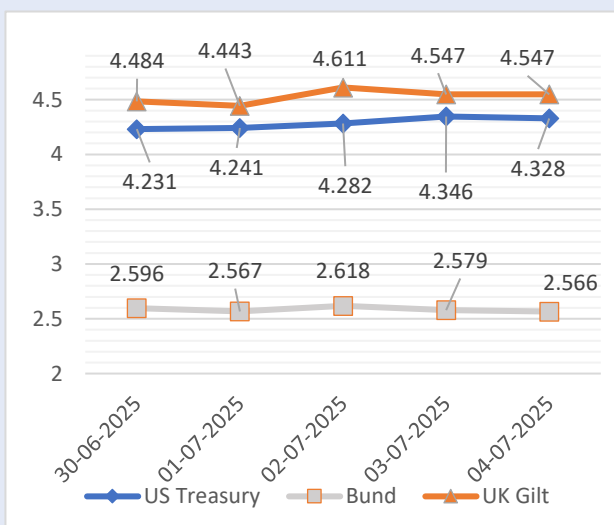


05TH JULY 2025
MARKET OVERVIEW

	30 JUNE	01 JULY	02 JULY	03 JULY	04 JULY
USD/INR	85.700	85.630	85.625	85.433	85.497
OIL	67.61	67.11	69.11	68.80	68.30
GOLD	3307	3349	3359	3342	3346
India 10 Y (2035)	6.3268	6.2927	6.2892	6.2875	6.2947
US 10 Y	4.231	4.241	4.282	4.346	4.328
NIFTY 50	25513	25532	25443	25397	25467
SENSEX	83600	83639	83384	83257	83467

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 6.2947 at 1.87 bps lower the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (1.87 bps below), 10Y UST (3 bps above), 10Y Bund (1 bps below), and 10Y UKT (2 bps above).

The eurozone's services sector returned to modest growth in June, with the HCOB Services PMI rising to 50.5 from 49.7 in May, slightly above the initial estimate of 50.0. While the sector showed signs of recovery, demand remained weak, though business confidence improved.

China's services sector grew at a slower pace in June, with the Caixin Services PMI easing to 50.6 from 51.1, below expectations of 51.0. The moderation was driven by weak domestic and overseas demand, especially from key export markets, amid cooling global growth and lingering U.S. tariff concerns.

Non-Farm Payrolls in the United States increased by 147 thousand in June of 2025. Non-Farm Payrolls in the United States averaged 125.15 thousand from 1939 until 2025, reaching an all-time high of 4631 thousand in June of 2020 and a record low of -20471 thousand in April of 2020.

The Reserve Bank of Australia (RBA) is expected to cut rates more than previously forecast, with a Reuters poll showing 31 of 37 economists anticipating a 25-bps cut to 3.60% on July 8 amid easing inflation and slowing growth. Most also expect another cut this quarter, bringing the rate to 3.35%, with the median year-end forecast at 3.10%. Inflation has cooled faster than expected, dropping to 2.1% in May, while Q1 GDP growth slowed to 0.2%.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
JUNE 23	-	906	251686
JUNE 24	-	1090	267171
JUNE 25	-	1309	255293
JUNE 26	-	1826	279877
JUNE 27	84975	1065	223883
JUNE 28	-	436	155844

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JUNE 28. 2024	JUNE 20. 2025	JUNE 27. 2025
	1	2	3
Call Money	23962	24157	28538
Notice Money	4335	7652	1297
Triparty Repo	799629	802836	702250
Market Repo	663566	763218	632175
Repo in Corporate Bond	3558	9639	8409

Most Actively Traded Debt.

Paper	Yield (%)	LTP
HDFC BANK LIMITED SR Y002 5.78 NCD 25NV25 FVRS10LAC	6.4000	99.6807
REC LIMITED SR 250A 6.60 BD 30JU27 FVRS1LAC	6.5250	100.2073
POWER FINANCE CORPORATION LIMITED SR 251A 6.27 BD 15JL27 FVRS1LAC	6.6087	99.3900
STATE BANK OF INDIA SR 2 8.34 PP BD FVRS1CR	7.5930	104.4685

Indian Market update:

India's services sector saw its strongest growth in 10 months in June, with the HSBC Services PMI rising to 60.4 from 58.8 in May, driven by strong domestic demand and easing input cost pressures. New business and export orders rose, though overseas demand growth slowed slightly.

India's local-currency bond market may cool after the RBI signaled limited room for further rate cuts. A surprise 50 bps cut in June and ample liquidity drove yields to three-year lows, prompting record corporate bond issuance of ₹6.6 trillion (\$77.1 billion) in H1 2025, up 29% year-on-year. However, a shift in RBI's stance to 'neutral,' moderating growth, and geopolitical risks are dampening sentiment.

Indian investors are now exploring bonds. The bond market is vital for funding. Corporate bond issuance is growing. India's corporate debt market has room for growth. Retail participation is increasing with digital platforms. Young investors are turning to bonds for stability. Financial education should emphasize bonds. India's bond market could follow equities. Bonds are delivering stable income and diversification.

The Reserve Bank of India conducted a 7-day Variable Rate Reverse Repo (VRRR) auction on July 4, 2025. The notified amount for the auction was ₹1,00,000 crore, while the total offers received stood significantly higher at ₹1,70,880 crore, indicating strong liquidity in the system. Out of this, the RBI accepted ₹1,00,010 crore. The cut-off rate for the auction was set at 5.47%, and the weighted average rate came in slightly lower at 5.44%. The partial acceptance percentage of bids received at the cut-off rate was 60.45%.

Upcoming auction schedule:

- **8th July** – RBI announced the SDL auction, in which 7 states will be raising aggregating to 13,300 crores.
- **9th July** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9000, 6000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	30 JUN	01 JULY	02 JULY	03 JULY	04 JULY
OPEN	85.4	85.7	85.6	85.5	85.4
HIGH	85.8	85.7	85.7	85.7	85.5
LOW	85.4	85.4	85.5	85.1	85.3
CLOSE	85.7	85.6	85.6	85.4	85.4

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
7-JULY	Thailand Inflation, Germany Industrial Production, Eurozone Retail Sales,
8-JULY	Japan Current Account, Brazil Retail Sales, Germany Balance of Trade
9-JULY	United States FOMC Meeting Minutes, New Zealand RBNZ Interest Rate Decision
10-JULY	United States Initial Jobless Claims, South Korea BoK Interest Rate Decision, Italy Industrial Production
11-JULY	United Kingdom monthly GDP, incl. Manufacturing, Services and Construction Output, Canada Employment Change and Unemployment Rate, United Kingdom Goods Trade Balance, Germany Inflation

Currency Movement:

The Indian Rupee slipped 7 paise to 85.39 against the U.S. dollar on Friday, losing momentum after previous gains, despite a softer dollar and crude prices. The rupee gained for a second consecutive week but remained down 0.21% in June and 0.18% year-to-date. Trading remained cautious amid the looming U.S. reciprocal tariff deadline and an unannounced U.S.-India interim trade deal. Meanwhile, a U.S.-Vietnam trade pact-imposed tariffs of 20% on exports and 40% on transhipped goods. Strong U.S. jobs data, with 147,000 jobs added and unemployment down to 4.1%, reduced expectations of a Fed rate cut in July, keeping the dollar index relatively firm at 96.93.

India has notified the WTO of its intent to impose retaliatory tariffs worth \$724 million on U.S. goods in response to a 25% tariff hike by the U.S. on Indian automobiles and parts, imposed in March 2025. India claims the U.S. action violates WTO rules, specifically the General Agreement on Tariffs and Trade (GATT) and the Agreement on Safeguards and reserves the right to suspend concessions due to the lack of prior consultations. The U.S. measures impact \$2.9 billion in Indian exports annually.

Key updates and week ahead:

Markets await the June FOMC minutes for clues on potential U.S. rate cuts, with eyes on a possible September move. Inflation data from Mexico, Brazil, and final June figures from Germany, Italy, and France will also be closely watched amid ongoing tariff impacts.

Key economic indicators due include Canada's June labour report, UK's May GDP (expected to show recovery from April lows), and Germany's industrial output and trade data, alongside broader eurozone industrial and retail figures.

Several APAC central banks — including Australia, New Zealand, South Korea, and Malaysia — are set to meet this week, with markets expecting rate cuts amid trade-related uncertainty. Key data releases include China's inflation and trade figures, and Singapore's Q2 advance GDP, seen as a regional growth indicator.