WEEKLY REPORT

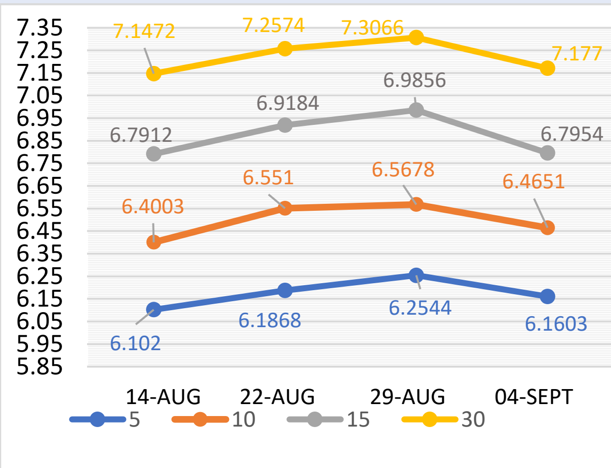
INDIAN DEBT MARKET

7TH SEPTEMBER 2025

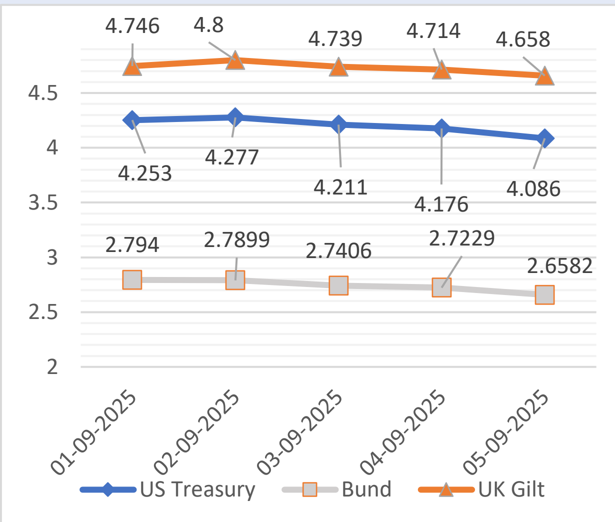
MARKET OVERVIEW

	1 SEPT	2 SEPT	3 SEPT	4 SEPT	5 SEPT
USD/INR	88.001	87.998	88.073	88.193	88.187
OIL	68.15	69.14	67.60	66.99	65.50
GOLD	3551	3592	3635	3606	3653
India 10 Y	6.5850	6.5658	6.5430	6.4651	-
US 10 Y	4.253	4.277	4.211	4.176	4.089
NIFTY 50	24624	24574	24716	24739	24743
SENSEX	80337	80167	80572	80746	80749

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 6.4651 at 10.27 bps below the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (10.27 bps below), 10Y UST (14 bps below), 10Y Bund (6.4 bps below), and 10Y UKT (5.5 bps below).

Initial jobless claims in the US jumped by 8,000 from the previous week to 237,000 on the last period of August, the most in over two months, and firmly above market expectations that they would inch higher to 230,000. In the meantime, outstanding jobless claims fell for a second week to 1,940,000, the least in five months and below expectations of 1,960,000, despite remaining well above averages from before April.

The S&P Global UK Construction PMI rose to 45.5 in August 2025, from an over five-year low of 44.3 in July and slightly above market forecasts of 45. A slower contraction in commercial building helped offset sharper falls in residential and civil engineering work, with housing activity posting its steepest drop since February and civil engineering its worst since October 2020. New orders fell for the eighth month but at the slowest pace since January.

Nonfarm business sector labour productivity in the US rose 3.3% in Q2 2025, rebounding from a 1.8% decline in the previous quarter and beating the preliminary estimate of 2.4%. It marked the strongest advance since Q4 2023. Output increased 4.4% after contracting 0.6% in Q1, while hours worked rose 1.1%, slightly below the 1.2% gain in the prior period.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
AUG 25	-	1837	116270
AUG 26	-	1590	127715
AUG 27	-	1292	115946
AUG 28	49515	3579	126448
AUG 29	138366	1950	117618
AUG 30	-	953	138905

AVERAGE DAILY TURNOVER

Item	Week Ended		
	AUG 30. 2024	AUG 22. 2025	AUG 29. 2025
	1	2	3
Call Money	17258	29137	27549
Notice Money	5003	1821	10687
Triparty Repo	791363	706895	880736
Market Repo	601046	664441	776484
Repo in Corporate Bond	4270	11865	12741

Most Actively Traded Debt.

Paper	Yield (%)	LTP
BHARAT PETROLEUM CORPORATION LIMITED 7.58 NCD17MR26 FVRS1LAC	6.3000	100.5297
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.8868	101.5759
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR III 7.34 BD 26FB29 FVRS1LAC	6.9200	101.2778
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 161 6.92 BD 31AG31 FVRS10LAC	7.0750	99.2291

Indian Market update:

Indian government bonds edged higher Friday as easing fiscal concerns from a smaller-than-expected GST revenue hit (₹480 billion vs. ₹1 trillion estimates) and lower U.S. Treasury yields lifted sentiment. The 10-year benchmark yield stood at 6.48%, down from 6.49% Thursday. Markets also expect the RBI to trim long-duration bond supply in H2. U.S. yields fell after weak jobs data revived bets on a September Fed rate cut. Meanwhile, OIS rates remained under pressure, with the 1-year flat at 5.51%, 2-year down 2 bps at 5.45%, and 5-year slipping 1 bp to 5.74%.

The rupee closed 12 paise lower at 88.14 against the US dollar on Thursday, pressured by sustained FPI outflows and a stronger greenback. Losses were capped by positive domestic equities, supported by GST rate revisions, and weaker crude prices. The rupee traded in a range of 87.85–88.19, with RBI intervention limiting volatility. Analysts expect it to move between 87.80–88.50. Meanwhile, the dollar index edged up to 98.21, Brent crude fell to $66.88, and Sensex and Nifty gained modestly.

Money Supply M3 in India decreased to 281389.16 INR Billion in the week ending July 25 from 281412.86 INR Billion two weeks before. Money Supply M3 in India averaged 54342.56 INR Billion from 1951 until 2025, reaching an all-time high of 281412.86 INR Billion in July of 2025 and a record low of 20.57 INR Billion in October of 1952.

UPCOMING AUCTIONS

- **9TH September –** RBI announced the SDL auction, in which 7 states will be raising aggregating to 15,300 crores.
- **10TH September –** 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

	1 SEPT	2 SEPT	3 SEPT	4 SEPT	5 SEPT
OPEN	88.1	87.9	88.0	88.0	88.1
HIGH	88.3	88.2	88.1	88.2	88.3
LOW	87.9	87.8	87.9	87.9	88.0
CLOSE	88.0	87.9	88.0	88.1	88.1

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.50	6.00
USA	4.50	4.50
UK	4.00	4.25
CHINA	3.00	3.10
EURO AREA	2.15	2.40
JAPAN	0.50	0.50

Key Events

DATE	EVENTS
08-SEPT	Japan GDP, Germany Trade, Germany Industrial Production, United States Consumer Inflation Expectations
09-SEPT	United Kingdom Regional Growth Tracker, France Industrial Production, Mexico Inflation,
10-SEPT	United States PPI, United States Monthly Budget Statement, China CPI, PPI, Italy Industrial Production
11-SEPT	United States CPI, Eurozone ECB Interest Rate Decision, GEP Global Supply Chain Volatility Index
12-SEPT	India Inflation, Germany Inflation, United Kingdom monthly GDP, incl. Manufacturing, Services and Construction Output, Japan Industrial Production

Currency Movement:

The rupee hit a record low of 88.36 against the dollar on Friday, pressured by U.S. tariff concerns, portfolio outflows, and dollar demand from foreign banks and oil companies. It ended at 88.27, down 0.14%, capping a volatile week below the 88-mark. FPIs have withdrawn $1.4 billion from equities in September, pushing year-to-date outflows above $16 billion.

The RBI intervened through state banks around 88.30 to curb losses, with traders seeing support near 88.70. Market sentiment remains shaky ahead of a possible U.S.-India trade deal by November, while Asian currencies strengthened on Fed rate cut expectations and the dollar index slipped to 98.01.

Key updates and week ahead:

Ahead of the September FOMC meeting, the final key data will be the August US CPI, with PMI price signals suggesting inflation risks above target, though potentially temporary due to tariffs. Producer prices will add clarity, while the University of Michigan survey will gauge consumer sentiment, which remains weak amid high inflation and job concerns.

The ECB is widely expected to hold rates steady at its September meeting, with the deposit rate at 2.0%, inflation near target, and growth risks easing on improved PMIs. In the UK, July GDP will be released, with recent PMI data suggesting growth slowed early in Q3 but rebounded in August. Germany will also publish July trade and industrial output figures, offering further insight into Eurozone economic momentum.

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