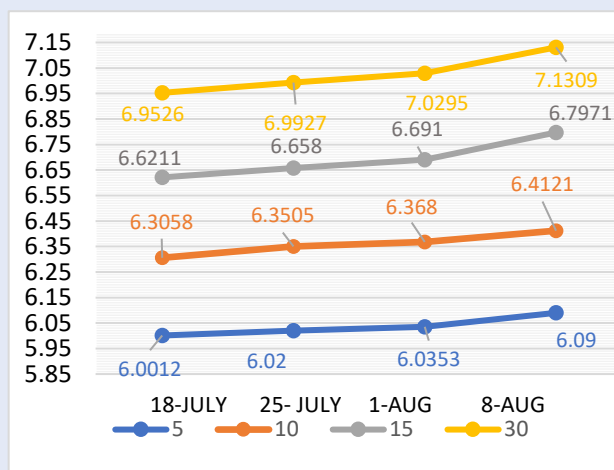
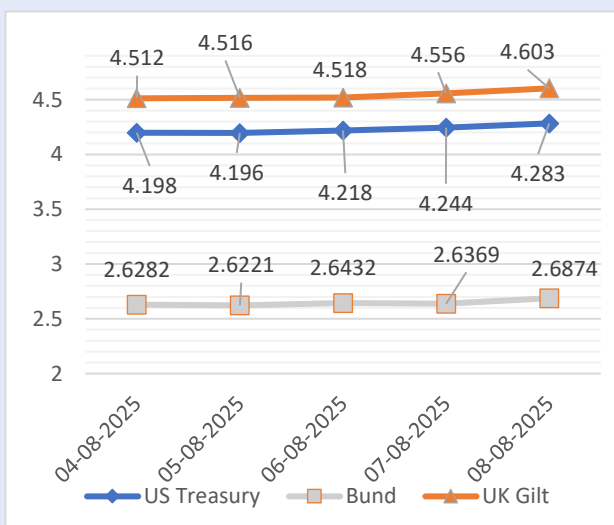


**09<sup>TH</sup> AUGUST 2025**
**MARKET OVERVIEW**

	04 AUG	05 AUG	06 AUG	07 AUG	08 AUG
USD/INR	87.680	87.830	87.725	87.446	87.489
OIL	68.76	67.64	66.89	66.43	66.59
GOLD	3426.40	3434.70	3433.40	3453.70	3491.30
India 10 Y	6.3463	6.3321	6.4162	6.3861	6.4121
US 10 Y	4.198	4.196	4.218	4.244	4.283
NIFTY 50	24726	24649	24569	24623	24350
SENSEX	81047	80737	80561	80716	79835

**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 6.4121 at 4.41 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (4.41 bps above), 10Y UST 61 bps above), 10Y Bund (1 bps above), and 10Y UKT (8 bps above).

U.S. initial jobless claims rose to 226,000 last week, while continuing claims hit 1.974 million—the highest since November 2021—signalling labour market softening following a weak July payrolls report. Revised data showed steep downward revisions to May and June nonfarm payrolls, cutting a combined 258,000 jobs.

The Bank of England cut its benchmark interest rate by 25 basis points to 4%—its fifth cut in a year—to support a weakening jobs market as the economy contracts. However, the decision was split, with four of nine policymakers opposing the cut due to inflation concerns, which is expected to rise to 4%, double the BoE's target.

China's car sales rose 6.9% in July, sharply down from 18.6% growth in June, as stricter regulations aimed at curbing a price war among automakers began to impact the market, leading to uneven performance across manufacturers.

JPMorgan now expects the Federal Reserve to cut interest rates by 25 basis points in September, earlier than its prior forecast of December, following President Trump's nomination of Stephen Miran as a temporary Fed governor. Miran, a known Trump ally and former Treasury official, could support further rate cuts if confirmed, aligning with other dovish members.

### Liquidity Operation by RBI

Date	VRRR	MSF	SDF
JULY 28	-	938	109847
JULY 29	46058	1584	108957
JULY 30	-	1408	94716
AUG 01	13075	1649	114195
AUG 02	171795	1100	204806
AUG 03	-	284	232922

### AVERAGE DAILY TURNOVER

Item	Week Ended		
	AUG 02. 2024	JULY 25. 2025	AUG 01. 2025
	1	2	3
Call Money	18360	29057	28874
Notice Money	5462	1620	9153
Triparty Repo	704592	682533	802271
Market Repo	624795	610007	738043
Repo in Corporate Bond	2792	9721	10605

### Most Actively Traded Debt.

Paper	Yield (%)	LTP
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 F 9.35 NCD 31DC32 FVRS1LAC	9.0867	102.6700
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR VII 7.42 BD 12MR29 FVRS1LAC	6.7200	102.0908
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 24E 7.80 BD 15MR27 FVRS1LAC	6.5400	101.7885

### Indian Market update:

The Reserve Bank of India (RBI) kept its policy repo rate unchanged at 5.50% and maintained a neutral stance, citing ongoing global trade uncertainties, particularly due to U.S. tariff threats in response to India's Russian oil imports. RBI Governor Sanjay Malhotra emphasized the need for policy continuity amid uncertain external demand.

Indian companies are increasingly turning to corporate bonds and commercial papers for funding, driven by slower bank credit growth. Issuances of commercial paper have surged, and corporate bond issuances reached a four-year high in Q1 FY26.

Moody's warns that President Trump's 50% tariffs on Indian imports could slow India's FY26 GDP growth by 0.3 percentage points and hurt its manufacturing ambitions, especially in high-value sectors like electronics. The tariffs, combined with reduced Russian oil imports, may widen the current account deficit and deter investment. Moody's anticipates a likely negotiated resolution.

Corporate lending stayed weak in April–June as firms favoured cheaper bond market funding amid falling interest rates. Corporates raised ₹2.94 lakh crore via bonds—up 88% YoY—driven by RBI's 100 bps rate cuts since February. Bond and CP yields dropped over 70 bps, making market borrowing more attractive than bank loans. ICICI Bank noted rising use of internal accruals and market funds, with corporate loan growth slowing to 1.77–12.21% in Q1, versus 2.87–23.54% in FY25

### UPCOMING AUCTIONS

- **12<sup>TH</sup> AUG** – RBI announced the SDL auction, in which 6 states will be raising aggregating to 8,450 crores.
- **13<sup>TH</sup> 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

	04 AUG	05 AUG	06 AUG	07 AUG	08 AUG
<b>OPEN</b>	87.2	87.9	87.7	87.7	87.4
<b>HIGH</b>	87.7	87.9	87.8	87.7	87.7
<b>LOW</b>	87.1	87.7	87.6	87.3	87.4
<b>CLOSE</b>	87.6	87.8	87.7	87.4	87.4

## INTEREST RATES

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

## Key Events

DATE	EVENTS
11-AUGUST	Italy Inflation, United Kingdom KPMG/REC Report of Jobs
12-AUGUST	India Inflation, Australia RBA Interest Rate Decision, Eurozone ZEW Economic Sentiment, United States CPI, Global GEP Supply Chain Volatility Index
13-AUGUST	Germany Inflation, Singapore GDP, Spain Inflation
14-AUGUST	Eurozone GDP, United States PPI, United Kingdom GDP, China (Mainland) M2, New Yuan Loans, Loan Growth
15-AUGUST	Japan GDP, Japan Capacity Utilisation and Industrial Production, United States Retail Sales, United States Industrial Production, United States UoM Sentiment

## Currency Movement:

The Indian rupee's recent depreciation, hitting near its all-time low, may soften the impact of increased U.S. tariffs amid trade tensions. While other Asian currencies have appreciated, the rupee has declined, providing India with a competitive price advantage in export markets. Economists suggest the RBI may favor a weaker rupee to offset the drag on GDP growth from higher tariffs.

The rupee held firm despite U.S. President Trump imposing a 25% tariff on Indian goods over Russian oil imports, as traders expected RBI intervention to steady the currency. The central bank, resuming NDF market operations, acted to prevent a breach of the record low of 87.95, contributing to a \$9 billion drop in forex reserves. The rupee still fell 1.2% in the week to Aug. 1, its steepest drop in nearly three years, while other Asian currencies gained.

## Key updates and week ahead:

US inflation data due Tuesday will provide an update on July price trends, with PMI figures indicating persistent pressures that could push CPI above 4% in the coming months. Retail sales and industrial production data are also awaited, with strong services activity likely supporting retail sales, while manufacturing slowed. Business optimism has eased to near pandemic lows ahead of the University of Michigan sentiment update.

The UK and eurozone will release Q2 GDP data this week, with the eurozone revising its 0.1% estimate and the UK's figure in focus amid signs of a near-stall in growth. The UK will also update labour market and trade data, with recent PMIs showing continued job losses and the KPMG/REC report set to offer further employment insights.

The Reserve Bank of Australia (RBA) convene for their August meeting with the market expecting interest rates to be lowered. A series of tier-1 data are also due from the APAC region, though the attention is expected to be with mainland China's retail sales and industrial production numbers for July.