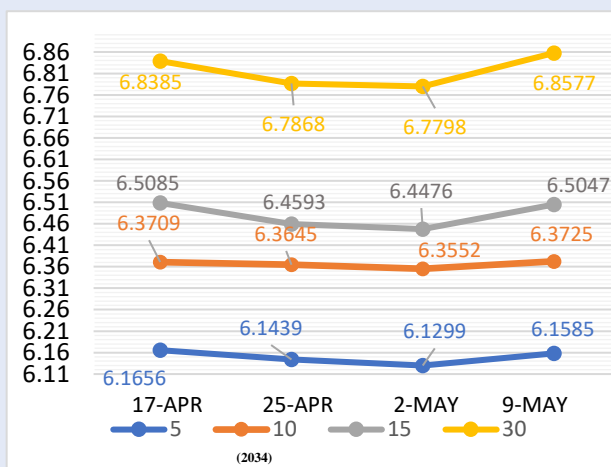
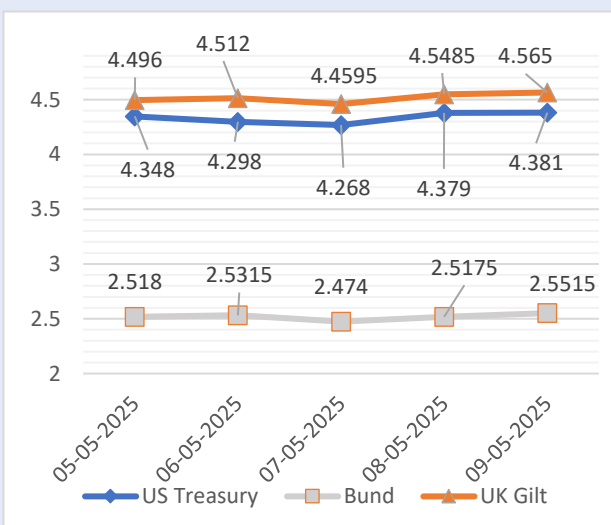


**10<sup>TH</sup> MAY 2025**
**MARKET OVERVIEW**

	5 MAY	6 MAY	7 MAY	8 MAY	9 MAY
USD/INR	84.295	84.305	84.721	85.356	85.409
OIL	60.23	62.15	61.12	62.84	63.91
GOLD	3322	3422	3391	3306	3344
India 10 Y (2035)	6.3247	6.3204	6.3067	6.3668	6.3352
US 10 Y	4.348	4.298	4.268	4.379	4.381
NIFTY 50	24460	24335	24409	24153	24035
SENSEX	80820	80489	80749	80004	79559

**INDIA BOND YIELD (%)**

**KEY 10-YR YIELDS (%)**

**Key headlines from the week:**

The 10-year benchmark yield concluded the week at 6.3352 at 2 bps above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (2 bps below), 10Y UST (18 bps above), 10Y Bund (9 bps above), and 10Y UKT (7 bps above).

U.S. President Donald Trump indicated support for an 80% tariff on Chinese goods ahead of weekend trade talks in Switzerland between U.S. and Chinese officials aimed at easing tensions. Since returning to office, Trump has raised total tariffs on Chinese imports to 145%. In response, China has imposed export restrictions on rare earths and raised tariffs on U.S. goods to 125%. Despite the escalating trade war, the Geneva talks are seen as a potential step toward resolution.

The Bank of England voted 5–4 to cut Bank Rate by 25bps to 4.25% in May as expected. Two members preferred a larger cut to 4%, while two opted to hold at 4.5%. The decision reflects continued disinflation progress as external shocks eased, and tight policy helped anchor inflation expectations. UK GDP growth has slowed since mid-2024, and the labour market is loosening. CPI inflation fell to 2.6% in March, though a temporary rise to 3.5% is expected in Q3 due to earlier energy price spikes.

Initial jobless claims in the United States fell by 13,000 to 228,000 on the week ending May 3rd, slightly below market expectations of 230,000, to mark a sharp contrast from the two-month high from the previous week. In the meantime, outstanding unemployment claims fell by 29,000 to 1,879,000, easing from the over three-year high halfway through April.

### Liquidity Operation by RBI

Date	VRR	MSF	SDF
Apr 28	4998	3190	132959
Apr 29	5901	716	121701
Apr 30	14952	8471	187714
May 1	-	14589	181779
May 2	6380	568	200035
May 3	-	474	171056

### AVERAGE DAILY TURNOVER

Item	Week Ended		
	May 03. 2024	APR 25. 2025	May 02. 2025
	1	2	3
Call Money	19039	26638	26810
Notice Money	6543	2082	9757
Triparty Repo	631845	706111	816698
Market Repo	674219	626465	769154
Repo in Corporate Bond	4333	6915	6641

### Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	7.0043	101.3125
REC LIMITED SR 234-B 7.58 BD 31MY29 FVRS1LAC	6.8300	102.5532
HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED SR B 6.90 NCD 06MY30 FVRS1LAC	6.8974	100.0000

### Indian Market update:

Foreign Exchange Reserves in India decreased to 686060 USD Million in May 2 from 688130 USD Million in the previous week. Foreign Exchange Reserves in India averaged 302418.68 USD Million from 1998 until 2025, reaching an all-time high of 704890 USD Million in September of 2024 and a record low of 29048 USD Million in September of 1998.

India aims for a significant increase in foodgrain production, targeting 354.64 million tonnes in the 2025-26 crop year, driven by anticipated favourable monsoon rains. This ambitious goal surpasses the current year's target of 341.55 million tonnes. Rice production is projected to reach 147.35 million tonnes, while wheat production is set at 117.40 million tonnes.

The Indian rupee, equities, and bonds experienced a downturn following India's announcement of neutralizing Pakistan's attempts to engage military targets. This escalation of border tensions led to the rupee dropping to 85.59 per dollar, bond yields rising, and the NSE Nifty 50 and BSE Sensex slipping. Market volatility has increased since the attacks in Kashmir.

The HSBC India Composite PMI stood at 59.7 in April 2025, slightly below the flash estimate of 60.0 but above March's reading of 59.5. It marked the 45th consecutive month of private sector expansion and the fastest pace of growth since August 2024.

In the SDL auction conducted on 7<sup>th</sup> May, 8 states raised an aggregate amount of ₹ 23,000 Cr.

Upcoming auction schedule:

- **13<sup>th</sup> MAY** – RBI announced the SDL auction, in which 7 states will be raising aggregating to 11,500 crores.
- **14<sup>th</sup> MAY** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9000, 5000, & 5000 crores respectively.

## INR – DOLLAR EXCHANGE

	5 MAY	6 MAY	7 MAY	8 MAY	9 MAY
OPEN	84.4	84.3	84.6	84.7	85.8
HIGH	84.5	84.6	84.9	85.8	85.9
LOW	84.1	84.2	84.4	84.5	85.2
CLOSE	84.2	84.3	84.7	85.5	85.4

## INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	6.00	6.25
USA	4.50	4.50
UK	4.25	4.5
CHINA	3.10	3.35
EURO AREA	2.40	2.65
JAPAN	0.50	0.50

## WEEK AHEAD KEY EVENTS

DATE	EVENTS
12-MAY	Japan Current Account, United States Monthly Budget Statement
13-MAY	India Inflation, Japan BoJ Summary of Opinions, Global GEP Supply Chain Volatility Index
14-MAY	Australia Home Loans, Global Monthly OPEC Report
15-MAY	United States PPI, Eurozone GDP, Eurozone GDP, United Kingdom GDP, Australia Employment Change, Germany Wholesale Prices, United States NAHB Housing market Index
16-MAY	Eurozone Balance of Trade, Japan Industrial Production, Japan GDP, United States UoM Sentiment, France Unemployment Rate

## Currency Movement:

The Indian rupee fell 0.9% this week amid escalating conflict with Pakistan, which hurt local equities and raised market volatility. The rupee briefly hit a near one-month low of 85.8425 against the U.S. dollar before recovering to 85.37, thanks to likely RBI intervention. Rising hedging costs and non-deliverable forwards signaled growing market nervousness. Despite the turmoil, Indian bonds stabilized, and the Nifty 50 index dropped over 1%.

India is unlikely to cut capital or social sector spending in FY26 despite rising geopolitical tensions, as it has strong fiscal buffers like the Contingency Fund and RBI reserves. Economists believe emergency funding mechanisms and increased self-reliance in defence manufacturing will help manage any additional defence spending without disrupting the budget. With a defence outlay of ₹6.8 lakh crore, India is well-positioned to handle short-term pressures.

## Key updates and week ahead:

The key focusses this week will be the U.S. May inflation data, with early S&P Global PMI indicators showing the highest output price inflation in seven months, partly due to rising tariffs. Weak April manufacturing survey data suggests subdued industrial production, while slowing services growth may signal softness in upcoming retail sales figures.

The UK will release March output data and a preliminary Q1 GDP estimate, with PMI data showing the fastest output growth in five months due to strong services activity offsetting a manufacturing decline. This suggests continued mild expansion. Labour market data will also be closely watched amid concerns over the impact of rising payroll taxes.

The upcoming week will feature China's inflation data, Japan's Q1 GDP, and Australia's employment figures. Japan's GDP is expected to remain near Q4 2024 levels due to lower private sector output, while Australia is anticipated to post strong job data based on PMI signals.