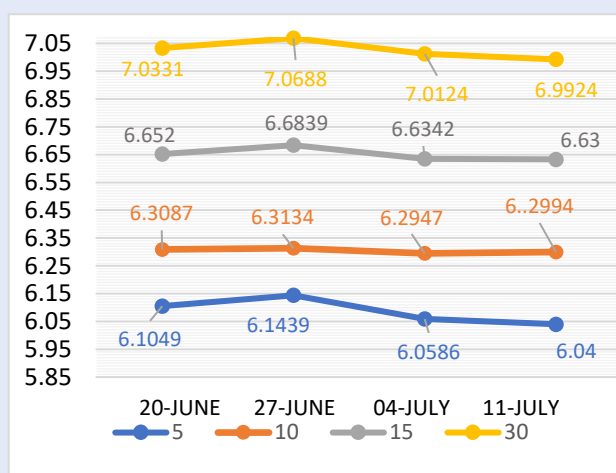
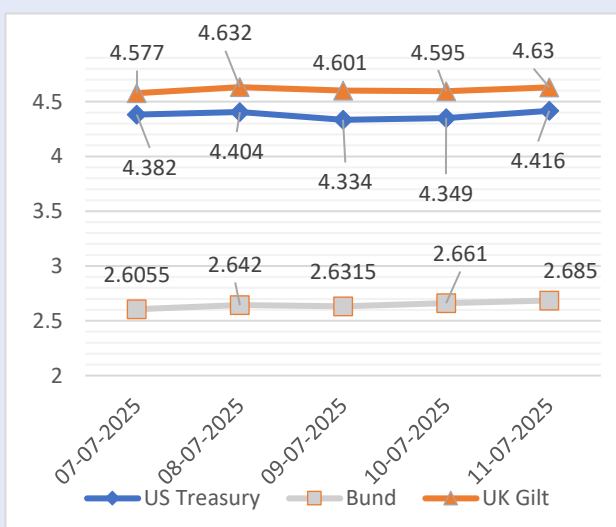


**12<sup>TH</sup> JULY 2025**
**MARKET OVERVIEW**

	07 JULY	08 JULY	09 JULY	10 JULY	11 JULY
USD/INR	85.760	85.760	85.680	85.749	85.825
OIL	69.58	70.15	70.19	68.64	70.36
GOLD	3342	3316	3321	3325	3364
India 10 Y	6.2933	6.3053	6.3136	6.3156	6.2994
US 10 Y	4.382	4.404	4.334	4.349	4.416
NIFTY 50	25454	25524	25464	25348	25140
SENSEX	83408	83706	83519	83154	82452

**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 6.2994 at 0.47 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (0.47 bps above), 10Y UST (8.8 bps above), 10Y Bund (11.9 bps above), and 10Y UKT (8.3 bps above).

The UK's trade deficit widened by £6.7 billion to £13.2 billion in the three months to May, per ONS data. In May, exports to the US rose by £300 million, driven by higher chemical shipments, while imports from the US fell by £900 million, mainly due to lower oil, gas, and aircraft imports.

Germany's debt is projected to rise from 62.5% of GDP in 2023 to 74% by 2030 due to increased defence and infrastructure spending, according to Scope Ratings. The surge in spending, approved in March, will strain fiscal flexibility as interest and social security costs rise. Scope warns the federal budget's available funds may drop from 24% to 3% by 2035, urging structural reforms. While the €500 billion infrastructure fund could lift growth potential to 1% from 0.7%, defence spending is expected to offer only modest economic stimulus.

France's harmonized inflation rose to 0.9% year-on-year in June, revised up from 0.8% and above May's 0.6%, driven by higher service costs in accommodation, transport, and healthcare. Energy prices fell 6.7%, easing from an 8.0% drop in May. Core inflation edged up to 1.2%, and food inflation to 1.4%. Despite the uptick, France still has one of the euro zone's lowest inflation rates. The trend mirrors broader euro zone inflation, which hit the ECB's 2% target in June, though rising service costs raise concerns of persistent inflation.

### Liquidity Operation by RBI

Date	VRRR	MSF	SDF
JUNE 30	-	5705	189751
JULY 1	-	1233	255381
JULY 2	-	3410	299291
JULY 3	-	1111	326770
JULY 4	100010	1282	332158
JULY 5	-	216	285155

### AVERAGE DAILY TURNOVER

Item	Week Ended		
	JULY 05. 2024	JUNE 27. 2025	JULY 04. 2025
	1	2	3
Call Money	16171	28538	25874
Notice Money	4630	1297	7374
Triparty Repo	668230	702250	858204
Market Repo	545361	632175	789565
Repo in Corporate Bond	3321	8409	8251

### Most Actively Traded Debt.

Paper	Yield (%)	LTP
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 171 7.23 BD 15OT26 FVRS1LAC	6.3804	100.9993
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.6867	102.1627
LIC HOUSING FINANCE LTD TR 429 7.82 LOA 14JN26 FVRS10LAC	6.4000	100.5723
POWER FINANCE CORPORATION LIMITED SR 208 6.50 BD 17SP25 FVRS10LAC	5.8400	100.0613

### Indian Market update:

The government will buy back securities worth ₹25,000 crore. Reserve Bank of India made the announcement on Friday. This is the third buyback this financial year. The auction will be on July 17 for bonds maturing in April 2026. Buybacks help manage fiscal deficit. It also infuses liquidity into the system. Previous auctions in June saw strong demand.

JPMorgan is considering reducing the weighting cap for individual countries in its key GBI-EM Global Diversified emerging-market bond index from 10% to 8.5%. This move could reduce the share of large issuers like China, India, Indonesia, Mexico, and Malaysia, while increasing exposure to higher-yielding countries like Brazil, South Africa, Poland, and Colombia. The change, still under consultation, aims to diversify the index and raise its average yield. JPMorgan is also exploring a new frontier local markets index covering 21 markets with \$344 billion in eligible debt. Changes could significantly influence global investment flows.

SEBI and OBPP have launched Bond Central, a centralized bond database aimed at boosting transparency and retail participation in India's corporate bond market. The platform offers easy access to pricing, risk metrics, and disclosures, while lowering the minimum investment to Rs 10,000.

SEBI is actively promoting municipal bonds as a strategic tool for financing urban infrastructure in India. It recently held a Municipal Bond Outreach Programme in Thiruvananthapuram to educate Urban Local Bodies (ULBs) and stakeholders on municipal debt instruments and market-based financing

- **15<sup>TH</sup> July** – RBI announced the SDL auction, in which 12 states will be raising aggregating to 26,900 crores.
- **16<sup>TH</sup> 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

	07 JULY	08 JULY	09 JULY	10 JULY	11 JULY
<b>OPEN</b>	85.5	85.7	85.7	85.7	85.7
<b>HIGH</b>	86.0	85.8	85.9	85.7	85.9
<b>LOW</b>	85.5	85.6	85.6	85.5	85.6
<b>CLOSE</b>	85.7	85.7	85.6	85.7	85.8

## INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
<b>INDIA</b>	5.50	6.00
<b>USA</b>	4.50	4.50
<b>UK</b>	4.25	4.50
<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
14-JULY	Japan Machinery Orders, Singapore GDP, India Inflation, United Kingdom KPMG/REC Report on Jobs
15-JULY	United States CPI, India Trade, China GDP (Q2), China Industrial Production, Retail Sales, Fixed Asset Investment, Eurozone Industrial Production, India Trade,
16-JULY	United States PPI, United Kingdom Inflation, Italy Inflation
17-JULY	Japan Balance of Trade, Eurozone Inflation, United States Retail Sales, United Kingdom Labour Market Report, Australia Employment.
18-JULY	Japan Inflation, Malaysia GDP, Germany PPI, United States Building Permits

## Currency Movement:

The Indian rupee opened 20 paise weaker at 85.84 per U.S. dollar on July 11, compared to the previous close of 85.64, as the dollar index climbed to 97.867 amid renewed global trade tensions. The upward move in the greenback was driven by U.S. President Donald Trump's escalating tariff threats, including a 35% levy on Canadian imports in response to what he described as retaliatory measures by Canada. Trump further warned that any counter-tariffs by Canada would lead to additional duties, heightening investor unease and supporting safe-haven demand for the dollar.

These developments have triggered volatility in currency markets, with emerging market currencies like the rupee coming under pressure. Traders remain cautious as Trump's trade actions now target 22 countries, fueling uncertainty. According to Kunal Sodhani, Head of Treasury at Shinhan Bank, the dollar's bullish momentum is likely to persist given the ongoing trade conflict. For the USD/INR pair, immediate technical support is seen at 85.55, while resistance lies at 86.10, suggesting further fluctuations as markets respond to evolving geopolitical risks.

## Key updates and week ahead:

Key U.S. data in mid-July includes inflation, retail sales, and industrial production, with tariffs driving price pressures. Elevated selling price inflation in May–June may push CPI higher. Retail sales are expected to rise, while industrial output may show renewed strength. Building permits and Michigan sentiment data are also due, alongside multiple Fed speeches.

UK June inflation data is due, with PMIs indicating easing price pressures—the slowest rise in average charges since Feb 2021. Labour market data will follow, with PMI signals pointing to continued weakness and job losses.

In APAC, focus will be on China's Q2 GDP, June industrial output, and retail sales, with data pointing to softer growth. Key updates also include Japan's inflation and trade figures, Australia's jobs data, and an Indonesia rate decision, where further cuts are possible.