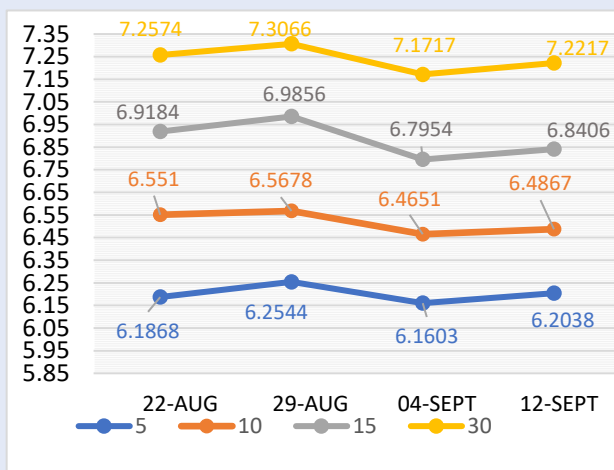


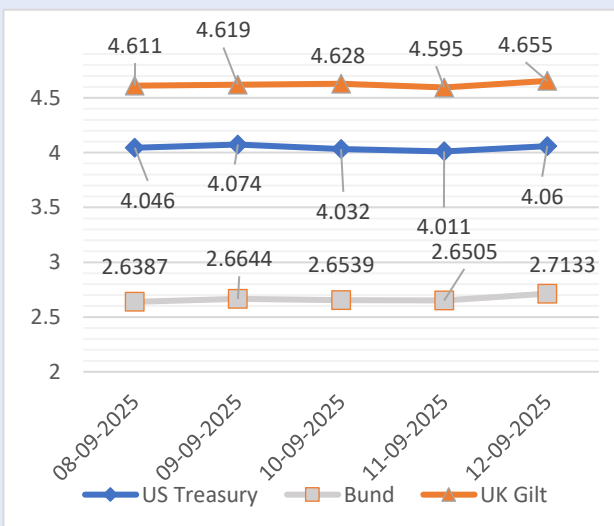
MARKET OVERVIEW

	8 SEPT	9 SEPT	10 SEPT	11 SEPT	12 SEPT
USD/INR	87.981	88.248	88.054	88.267	88.277
OIL	66.02	66.39	67.49	66.37	66.99
GOLD	3677.40	3682.20	3682.00	3673.60	3686.40
India 10 Y	-	6.4942	6.4970	6.4666	6.4867
US 10 Y	4.046	4.074	4.032	4.011	4.060
NIFTY 50	24792	24876	24979	25008	25107
SENSEX	80845	81117	81430	81532	81896

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 6.4867 at 2.1 bps above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (2.1 bps above), 10Y UST (2 bps below), 10Y Bund (6 bps above), and 10Y UKT (1 bps below).

Initial jobless claims in the US surged by 27,000 from the previous week to 263,000 on the first week of September, the most since October 2021, and well above the market consensus of 235,000. The result aligned with a series of pessimistic labor market surveys released since the start of the month to consolidate the evidence of a deteriorating labor backdrop in the US.

Industrial production in the UK fell by 0.9% month-over-month in July 2025, defying market expectations of a flat reading and reversing a 0.7% gain in the previous month.

On a monthly basis, consumer prices in Germany edged up 0.1% in August 2025, in line with preliminary estimates, following a 0.3% rise in July. Inflation Rate MoM in Germany averaged 0.21 percent from 1950 until 2025, reaching an all time high of 3.10 percent in October of 1951 and a record low of -2.73 percent in January of 1950.

The British economy expanded 1.4% year-on-year in July 2025, the same pace as in June, remaining as its fastest pace since February, but slightly below forecasts of a 1.5% expansion. Monthly GDP YoY in the United Kingdom averaged 1.85 percent from 1998 until 2025, reaching an all-time high of 29.90 percent in April of 2021 and a record low of -24.50 percent in April of 2020.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
SEPT 01	48820	4571	118298
SEPT 02	-	1510	127433
SEPT 03	-	1952	118742
SEPT 04	150023	4644	149334
SEPT 05	-	3936	149276
SEPT 06	-	868	109040

AVERAGE DAILY TURNOVER

Item	Week Ended		
	SEPT 06. 2024	AUG 29. 2025	SEPT 5. 2025
	1	2	3
Call Money	18166	27549	20066
Notice Money	1477	10687	7397
Triparty Repo	607781	880736	559054
Market Repo	510382	776484	510321
Repo in Corporate Bond	3736	12741	7895

Most Actively Traded Debt.

Paper	Yield (%)	LTP
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR 1 7.43 BD 31AU26 FVRS1LAC	6.6800	100.6575
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.8750	101.5620
HDFC BANK LIMITED SR US003 7.70 NCD 16MY28 FVRS1LAC	6.7500	102.1772
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 190 6.65 BD 20MY30 FVRS1LAC	6.8000	99.3842

Indian Market update:

India's bond market is gaining strength from the government's fiscal prudence, reaffirmed 4.4% deficit target, and upcoming debt-to-GDP framework, creating confidence and stability for long-term investors despite global yield pressures and trade tensions

India's consumer price inflation accelerated to 2.07% in August 2025, up from an upwardly revised 1.61% in July, broadly matching market expectations. This marked the first monthly increase in inflation in ten months, though it remained close to the Reserve Bank of India's lower tolerance threshold of 2% under its inflation-targeting framework. Food prices, which make up nearly half of the CPI basket, fell 0.69%, moderating from a 1.76% decline in July. Inflation rose for pan, tobacco, and intoxicants (2.49% vs. 2.45%) and miscellaneous items (5.05% vs. 5.01%), while costs increased at a slower pace for clothing and footwear (2.33% vs. 2.50%), housing (3.09% vs. 3.17%), and fuel and light (2.43% vs. 2.67%).

Indian government bonds are poised for a resurgence, with demand expected to pick up from October. Analysts anticipate that benign inflation, resilient fiscal footing, and potential RBI action to address market dislocations will revive demand. Experts suggest that strategic policy interventions and upcoming key events could further soften yields on long bonds.

UPCOMING AUCTIONS

- **16TH September** – RBI announced the SDL auction, in which 14 states will be raising aggregating to 18,400 crores.
- **17TH 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

	8 SEPT	9 SEPT	10 SEPT	11 SEPT	12 SEPT
OPEN	88.1	88.0	88.2	88.1	88.2
HIGH	88.1	88.2	88.2	88.4	88.4
LOW	87.9	87.9	88.0	88.0	88.2
CLOSE	87.9	88.2	88.0	88.2	88.2

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
15-SEPT	US NY Empire State Manufacturing Index, Eurozone Balance of Trade, India WPI
16-SEPT	US Retail Sales, Industrial Production, Business Inventories, Eurozone Industrial Production, UK Labour Market Report
17-SEPT	UK Inflation, Eurozone Inflation, US Fed Interest Rate Decision, US FOMC Economic Projections
18-SEPT	US Initial Jobless Claims, US Philadelphia Fed Manufacturing Index, UK BoE Interest Rate Decision, Japan Machinery Orders
19-SEPT	Japan BoJ Interest Rate Decision, Japan Inflation, Germany PPI, UK Gfk Consumer Confidence

Currency Movement:

The Indian rupee saw gains on Friday. This is due to hopes of Federal Reserve rate cuts. Forward premiums reached levels not seen since May. The rupee had previously hit an all-time low. Pressure on the rupee continues due to tariffs and speculator demand. The Fed is expected to cut rates multiple times. Data supports the likelihood of these cuts.

The Indian rupee faces pressure, testing levels near 88.6. Currency experts, like Anindya Banerjee, draw parallels to 2013's underperformance. Factors include FPI outflows, reduced FDI, and trade disputes with the U.S. Despite a weaker rupee compared to other currencies, optimism remains. The Reserve Bank of India may intervene if the rupee weakens further.

Key updates and week ahead:

The Federal Reserve's September 16–17 meeting is the key global event, with markets pricing in a near-certain 25 bps rate cut from the current 4.25–4.50% range, though a 50-bps cut remains a smaller possibility. The updated “dot plot” projections will be closely watched to gauge the Fed's medium-term rate outlook. Policymakers face a mixed economic picture: growth remains resilient with Q3 GDP expected at 2%+, inflation is still above target, and unemployment is historically low.

Beyond the Fed, several central banks also meet this week. The Bank of England is expected to hold rates at 4.0% after August's split 25 bps cut, with markets reassessing the timeline for future cuts amid stronger UK growth and stickier inflation. The Bank of Japan is also likely to keep policy unchanged for now, but investors will watch for signals of possible tightening given improving resilience in Japan's economy.

A heavy slate of economic data accompanies the central bank meetings. For the US and China, industrial production and retail sales updates will provide fresh growth signals. The UK releases inflation and labour market data, while the eurozone publishes industrial production figures.