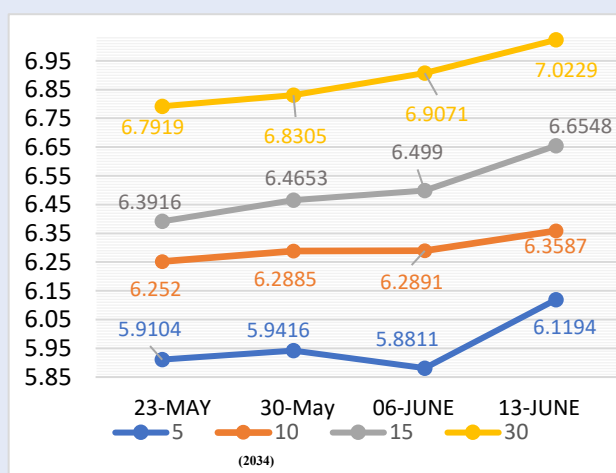
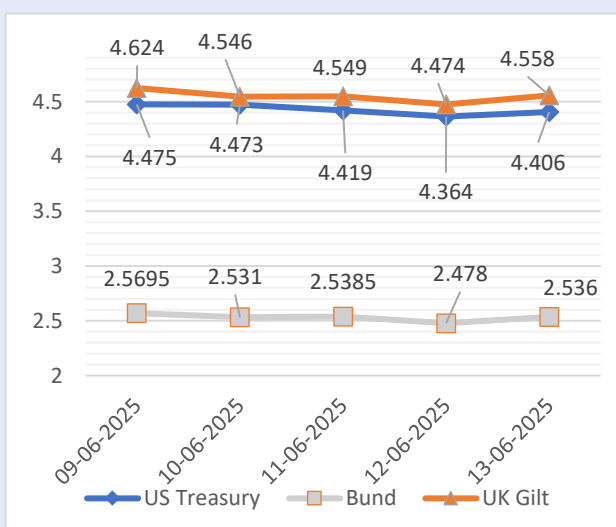


15TH JUNE 2025
MARKET OVERVIEW

	9 JUN	10 JUN	11 JUN	12 JUN	13 JUN
USD/INR	85.67	85.89	85.46	85.58	86.10
OIL	67.04	66.87	69.77	69.36	74.23
GOLD	3354.9	3343.4	3343.7	3402.4	3452.8
India 10 Y (2035)	6.2837	6.2946	6.3069	6.2798	6.2996
US 10 Y	4.475	4.473	4.419	4.364	4.406
NIFTY 50	25103	25091	25126	24857	24736
SENSEX	82468	82351	82451	81646	81167

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 6.2996 at 6.23 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (0.65 bps above), 10Y UST (10 bps below), 10Y Bund (3 bps below), and 10Y UKT (9 bps below).

Chinese banks issued 620 billion yuan (\$86.34 billion) in new loans in May, more than double April's 280 billion yuan, reflecting improved borrower confidence following supportive monetary policies and a mid-May U.S.-China trade truce. However, the figure fell short of analysts' expectations of 850 billion yuan and was also lower than the 950 billion yuan issued in May 2024.

The U.S. dollar rallied on Friday as geopolitical tensions flared following Israeli strikes on Iran, prompting a safe-haven rush. While the Swiss franc and yen initially rose, the dollar ultimately gained 0.6% against major currencies. Gold jumped 1.7% and 10-year Treasury yields fell to a one-month low. Despite Friday's rebound, the dollar index is set for a weekly loss of nearly 1%, its largest in over three weeks, amid U.S.-China trade uncertainty and dovish Fed expectations following soft inflation data.

Euro zone industry and trade sharply declined in April, likely due to U.S. tariff announcements. Industrial production fell 2.4%—worse than expected—while the trade surplus dropped to €9.9 billion from €37.3 billion. Exports outside the bloc fell 8.2%, with EU exports to the U.S. plunging to €47.6 billion from €71.1 billion in March, largely due to a drop in Irish pharmaceutical exports. Irish industry shrank 15%, dragging down euro zone output.

Liquidity Operation by RBI

Date	VRR	MSF	SDF
JUNE 2	5150	1109	292229
JUNE 3	5019	447	314265
JUNE 4	4271	622	299291
JUNE 5	4138	580	316403
JUNE 6	3550	1977	326946
JUNE 7	-	58	197270

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JUNE 7. 2024	May 30. 2025	JUNE 6. 2025
	1	2	3
Call Money	19424	26805	23489
Notice Money	652	8125	994
Triparty Repo	629542	824530	659923
Market Repo	564363	719036	597129
Repo in Corporate Bond	3459	6308	5913

Most Actively Traded Debt.

Paper	Yield (%)	LTP
POWER FINANCE CORPORATION LIMITED SR 251B 6.59 BD 15OT30 FVRS1LAC	100.000	6.5937
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 24B 7.49 LOA 15OT26 FVRS1LAC	101.1972	6.5111
RURAL ELECTRIFICATION CORPORATION LIMITED SERIES GOI-V 8.54 BD 15NV28 FVRS10LAC	105.8494	6.7000

Indian Market update:

India's 10-yr G-Sec now yields just ~1.9 ppts above the U.S. 10-yr (vs 6.3 ppts in 2014) as Indian yields slide on dovish RBI policy and contained inflation while U.S. yields rise. The thinner spread could curb FII demand for Indian debt and even prompt outflows, though India's \$700 bn FX reserves offer a buffer.

Inflation Rate in India decreased to 2.82 percent in May from 3.16 percent in April of 2025. Inflation Rate in India averaged 5.85 percent from 2012 until 2025, reaching an all-time high of 12.17 percent in November of 2013 and a record low of 1.54 percent in June of 2017.

Analysts see the narrow spread as proof of India's better fiscal discipline (deficit target 4.4 % of GDP, debt-to-GDP ~82 %, stable 4-4.5 % CPI) versus the U.S. PGM expects one more 25 bp rate cut before a pause, leaving the curve steep; shorter-duration corporate bonds (1-2 yrs) are preferred near-term, while longer-term fundamentals (structural reforms, lower supply) keep Indian fixed-income attractive for long-horizon investors.

The Reserve Bank of India (RBI) cancelled a ₹5,000 crore green bond auction for the 30-year paper, despite receiving bids exceeding ₹10,943 crore. This cancellation, the second this year, is attributed to bids with yields higher than the RBI's comfort level. Geopolitical tensions and a weakening rupee contributed to the increased pressure on bond yields, influencing investor expectations.

Government of India announces the conversion/switch of its securities through auction for an aggregate amount of ₹25,000 crore (face value).

Upcoming auction schedule:

- **17th June** – RBI announced the SDL auction, in which 4 states will be raising aggregating to 8500 crores.
- **18th June** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9000, 5000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	9 JUN	10 JUN	11 JUN	12 JUN	13 JUN
OPEN	85.8	85.6	85.5	85.4	86.1
HIGH	85.8	85.6	85.6	85.6	86.2
LOW	85.4	85.5	85.4	85.4	85.9
CLOSE	85.6	85.5	85.4	85.5	86.1

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.50	6.00
USA	4.50	4.50
UK	4.25	4.5
CHINA	3.00	3.10
EURO AREA	2.15	2.40
JAPAN	0.50	0.50

DATE	EVENTS
16-JUNE	China House Price Index, India WPI, Eurozone Balance of Trade, Canada Housing Starts
17-JUNE	Japan BoJ Interest Rate Decision, Germany ZEW Economic Sentiment Index
18-JUNE	Japan Balance of Trade, Japan Machinery Orders, United States Building Permits and Housing Starts, Eurozone Inflation
19-JUNE	United Kingdom BoE Interest Rate Decision, Australia Unemployment Rate, New Zealand GDP
20-JUNE	Japan Inflation, Malaysia Trade, Eurozone Consumer Confidence, United Kingdom Retail Sales, Japan BoJ Meeting Minutes

Currency Movement:

The rupee opened sharply lower at 86.15/\$ on June 13, breaching the 86 mark, after Israel launched strikes on Iranian nuclear and military sites, sparking fears of a broader conflict. The attacks, part of "Operation Rising Lion," killed top Iranian commander Gen. Hossein Salami and led to a surge in oil prices (+9%) and the dollar index (to 98.201). The geopolitical tension weighed heavily on emerging market currencies, including the rupee. The U.S. denied involvement, stating Israel acted independently.

India's foreign exchange reserves saw a boost, climbing by \$5.17 billion to reach \$696.66 billion for the week ending June 6, according to RBI data released on Friday. This increase follows a previous dip of \$1.2 billion, bringing the reserves down from near-eight-month highs at \$691.5 billion on May 30.

Key updates and week ahead:

The Bank of Japan is expected to hold its policy stance, with focus on upcoming inflation and trade data. In China, industrial production and retail sales will be closely watched amid weak manufacturing but strong services growth. Australia will release employment data, New Zealand its Q1 GDP, and central bank meetings are scheduled in Indonesia, the Philippines, and Taiwan.

Central banks in the UK, Switzerland, Norway, and Sweden are set to meet this week. The Bank of England is expected to hold rates, but a dovish tilt persists amid weak growth and easing inflation, with May's UK PMI and upcoming CPI data in focus.

The June FOMC meeting is expected to keep rates unchanged, with markets anticipating a rate cut only by year-end due to persistent inflation risks from tariffs and a strong labor market. Key upcoming U.S. data include retail sales, industrial production, and housing. In Brazil, central bankers may consider another rate hike amid high inflation, though weak May PMI data casts doubt on the outlook.