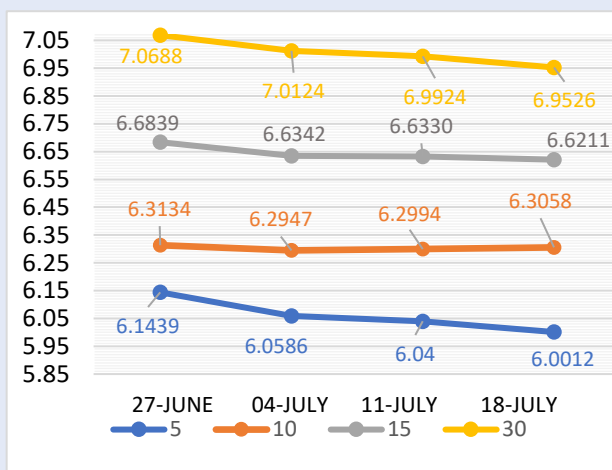
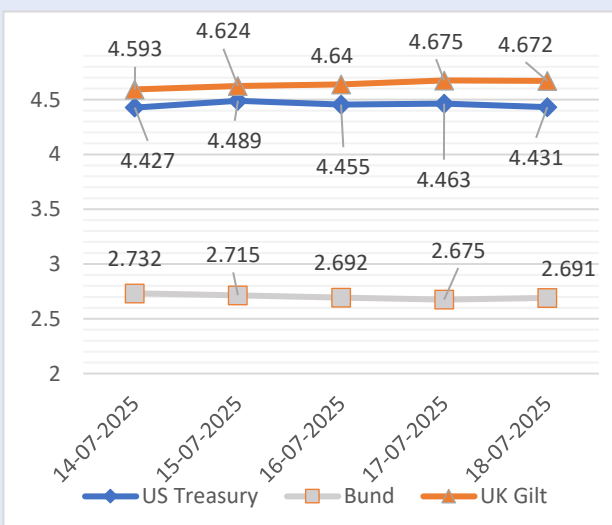


20TH JULY 2025
MARKET OVERVIEW

	14 JULY	15 JULY	16 JULY	17 JULY	18 JULY
USD/INR	86.017	85.991	85.885	86.035	86.131
OIL	69.21	68.71	68.52	69.52	70.28
GOLD	3359	3336	3359	3345	3359
India 10 Y	6.3613	6.3090	6.3118	6.3010	6.3058
US 10 Y	4.427	4.489	4.455	4.463	4.434
NIFTY 50	25087	25217	25202	25110	24967
SENSEX	82250	82606	82623	82271	81740

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 6.3058 at 0.64 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (0.64 bps above), 10Y UST (1 bps above), 10Y Bund (1 bps above), and 10Y UKT (4 bps above).

U.S. retail sales rose 0.6% in June, beating expectations and reversing two months of declines, driven by higher motor vehicle purchases. Excluding autos, sales increased 0.5%. Clothing sales rose 0.9%, while home furnishings and electronics dipped. The Philadelphia Fed Manufacturing Index returned to positive territory, and jobless claims fell slightly to 221,000. Import prices rose 0.1%, and export prices climbed 0.5%. Despite rising tariffs pushing some goods prices higher, services inflation remains mild.

Japan's consumer inflation eased slightly in June, with core CPI rising 3.3% year-on-year—below expectations and down from 3.7% in May—mainly due to falling fuel prices. However, underlying inflation excluding fresh food and energy edged up to 3.4%, and food inflation surged 7.2% amid a rice shortage. Despite signs of cooling, inflation remains above the Bank of Japan's 2% target, keeping pressure on the central bank to hike rates.

Bank of America has revised its Bank of England rate cut forecast, now expecting a slower pace with cuts in August and November 2025, and a final one in February 2026—maintaining a terminal rate of 3.5%. The change reflects a less severe weakening in the U.K. labour market, stronger inflation data, and upward payroll revisions. BofA also raised its 2025 inflation forecast to 3.2%, with a peak of 3.7% in September.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
JULY 7	-	1051	250865
JULY 8	-	1072	214021
JULY 9	97315	1081	136036
JULY 10	-	1078	124621
JULY 11	151633	1223	187091
JULY 12	-	85	127893

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JULY 12. 2024	JULY 04. 2025	JULY 11. 2025
	1	2	3
Call Money	17506	25874	29963
Notice Money	1358	7374	2214
Triparty Repo	607911	858204	663802
Market Repo	528564	789565	633563
Repo in Corporate Bond	4071	8251	9481

Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	6.6167	102.0723
HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED SR G 7.19 NCD 27MR35 FVRS1LAC	7.0250	101.0509
REC LIMITED SR 250 B 7.06 BD 30JU35 FVRS1LAC	7.0200	100.2338
LIC HOUSING FINANCE LTD TR 456 6.90 NCD 17SP27 FVRS1LAC	6.8000	100.2182

Indian Market update:

India's bond market is experiencing substantial growth, driven by increased private sector involvement and investor demand for stable returns. Jiraaf Bond Analyzer data reveals a decade-long expansion, accelerating post-2020. In 2024, listed bond issuances surpassed ₹9.5 lakh crore. Non-PSU issuances exceeded PSU issuances for the first time, indicating improved private sector credit profiles and investor confidence.

CRISIL forecasts headwinds for India's goods exports in fiscal 2026 due to potential US reciprocal tariffs, with negotiations for a bilateral trade agreement underway. Global growth is expected to slow, impacting India's merchandise trade. However, a services trade surplus and remittances should keep the current account deficit at a manageable 1.3% of GDP.

The Government of India conducted a buyback auction of dated securities, notifying an aggregate face value amount of ₹25,000 crore. Participants offered a total face value of ₹40,339.266 crore, out of which ₹19,925.044 crore was accepted. For the 7.27% GS 2026 security, all 21 offers received totaling ₹5,441.969 crore were accepted at a cut-off price of ₹101.19 and a weighted average price of ₹101.13.

The Reserve Bank of India conducted a 7-day Variable Rate Reverse Repo (VRRR) auction on July 18, 2025, with a notified amount of ₹2,00,000 crore. The auction received total bids amounting to ₹2,07,584 crore, out of which ₹2,00,027 crore was accepted. The cut-off rate and the weighted average rate were both at 5.49%. Partial acceptance of bids at the cut-off rate stood at 95.94%.

UPCOMING AUCTIONS

- **22ND July** – RBI announced the SDL auction, in which 6 states will be raising aggregating to 10,750 crores.
- **23RD 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

	14 JULY	15 JULY	16 JULY	17 JULY	18 JULY
OPEN	85.8	86.0	85.9	85.9	86.0
HIGH	86.1	86.1	86.1	86.2	86.2
LOW	85.8	85.7	85.7	85.7	85.9
CLOSE	86.0	85.9	85.8	86.0	86.1

INTEREST RATES

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

Key Events

DATE	EVENTS
21-JULY	New Zealand Inflation, Hong Kong SAR Inflation, Canada BoC Business Outlook Survey
22-JULY	Australia RBA Meeting Minutes, New Zealand Balance of Trade
23-JULY	United States Existing Home Sales, South Africa Inflation, Singapore Inflation, Taiwan Industrial Production
24-JULY	Australia S&P Global Flash PMI, Manufacturing & Services, India HSBC Flash PMI, Manufacturing & Services, Eurozone HCOB Flash PMI, Manufacturing & Services, Eurozone ECB Interest Rate Decision
25-JULY	Japan Tokyo CPI, United States Durable Goods Orders, United Kingdom Retail Sales

Currency Movement:

The Indian rupee weakened for a second straight week, closing at 86.1475 on Friday, down 0.4% from the previous week, pressured by dollar strength and foreign equity outflows. The Nifty 50 slipped 0.76%, while overseas investors offloaded \$300 million in July after investing \$1.7 billion in June. A private bank trader expects the rupee to hover near 86.50 in the near term due to continued dollar demand.

Globally, the U.S. dollar gained for a second week, supported by strong data that reduced expectations for Fed rate cuts—now pricing in 45 bps of cuts for 2025. ING sees further reduction in September cut bets, possibly pressuring the euro and yen, which are already down 0.5% and 0.8% this week. Markets are also watching U.S.-India trade talks ahead of the August 1 tariff deadline.

Key updates and week ahead:

In the upcoming week, markets will closely monitor speeches by Federal Reserve officials amid ongoing uncertainty about the economic outlook and interest rates. Key U.S. data releases, including home sales and durable goods orders, will offer further insight into growth momentum.

The European Central Bank is set to meet in the coming week, with expectations that it will keep interest rates unchanged. With rates nearing a "neutral" level, the ECB is anticipated to deliver just one more rate cut in 2025, likely in September. Recent HCOB Eurozone PMI data from S&P Global points to subdued inflation and modest economic growth ahead.

Flash PMI data for July is set to be released on Thursday, July 24, covering major developed economies and India. In June, signs of inventory-driven global growth emerged ahead of the anticipated early July tariff deadline. However, with the implementation now postponed to August 1 and some countries facing steeper-than-expected tariffs, July's PMI readings will be closely watched for shifts in demand, output, and pricing trends, as well as updates on business sentiment through the Future Output Index.