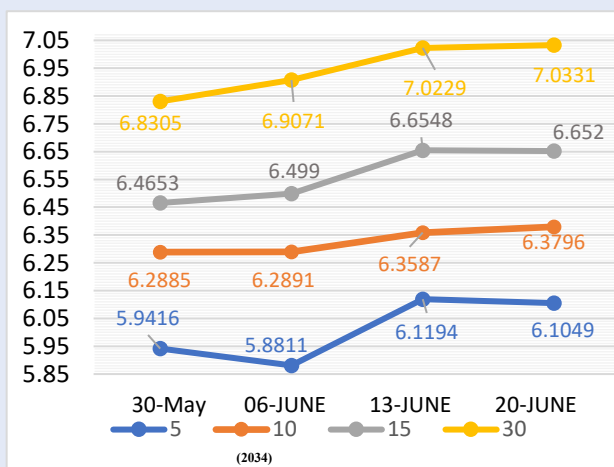
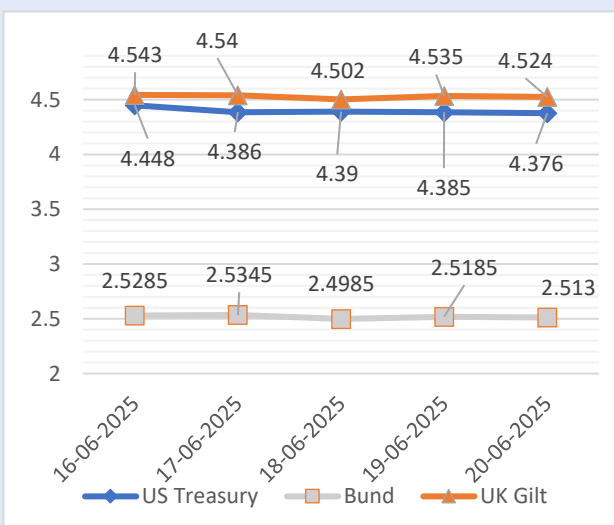


21ST JUNE 2025
MARKET OVERVIEW

	16 JUN	17 JUN	18 JUN	19 JUN	20 JUN
USD/INR	85.846	84.318	86.430	86.840	86.580
OIL	73.23	76.45	76.70	78.85	77.01
GOLD	3417	3406	3408	3384	3385
India 10 Y (2035)	6.2732	6.2646	6.2615	6.3095	6.3087
US 10 Y	4.448	4.386	4.390	4.385	4.376
NIFTY 50	24939	24838	24798	24743	25079
SENSEX	81774	81528	81429	81239	82323

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 6.3087 at 0.91 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (0.91 bps above), 10Y UST (3 bps below), 10Y Bund (1 bps below), and 10Y UKT (2 bps below).

Japan's core inflation rose to 3.7% in May—its highest in over two years—surpassing the Bank of Japan's 2% target for more than three years and fueling pressure for further rate hikes despite economic risks from U.S. tariffs. The increase, driven by persistently high food prices (with rice doubling and chocolate up 27% YoY), highlights growing domestic price pressures.

The Fed held rates steady at 4.25%–4.50% in June 2025 for a fourth straight meeting, citing caution amid ongoing policy uncertainty under President Trump. It still projects two cuts in 2025, but only one 25 bps cut in both 2026 and 2027. The Fed trimmed its GDP forecast to 1.4% for 2025 and 1.6% for 2026, raised inflation estimates to 3.0% (2025) and 2.4% (2026), and sees unemployment rising to 4.5% through 2026.

U.S. jobless claims fell to 245,000 last week but remain elevated, signalling a slowing labor market amid Trump's tariff policies and economic uncertainty. Layoffs rose across multiple sectors, while the four-week average hit its highest since August 2023. Meanwhile, housing permits dropped to a two-year low in May due to high borrowing costs, tariffs on building materials, and labor shortages, with total housing starts plunging 9.8% to a five-year low.

Liquidity Operation by RBI

Date	VRR	MSF	SDF
JUNE 9	3711	2123	258855
JUNE 10	3853	16	27261
JUNE 11	-	1124	267414
JUNE 12	-	1095	285659
JUNE 13	-	2248	373129
JUNE 14	-	8	219212

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JUNE 14. 2024	JUNE 06. 2025	JUNE 13. 2025
	1	2	3
Call Money	18322	23489	31335
Notice Money	5693	994	2170
Triparty Repo	74474	659923	784601
Market Repo	677435	597129	759880
Repo in Corporate Bond	4233	5913	9944

Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL HOUSING BANK 7.77 BD 02AP26 FVRS1LAC	6.4000	100.9317
MUTHOOT FINANCE LIMITED OP II 8.52 NCD 26MY28 FVRS1LAC	8.0859	101.0500
REC LIMITED SR 249A 6.37 BD 31MR27 FVRS1LAC	6.4247	100.0600

Indian Market update:

India's core sectors experienced a slowdown in May, with growth at 0.7 per cent. Cement, steel, coal, and refinery products showed positive growth. However, crude oil, natural gas, and fertilizer production declined. Electricity generation also witnessed a fall. The final growth rates for February, March, and April 2025 were revised to 3.4, 4.5, and 1.0 per cent, respectively

India's market borrowing remains stable and disciplined, with FY26 gross and net G-sec borrowings estimated at ₹14.8 lakh crore and ₹11.5 lakh crore, respectively. So far, ₹3.2 lakh crore has been raised gross and ₹2.4 lakh crore net. FY25 and FY24 saw net borrowings of ₹10.7 lakh crore each. Outstanding G-sec debt rose from ₹41.6 lakh crore in FY15 to ₹114.5 lakh crore in FY26, but the debt-to-GDP ratio is projected to fall from 57.1% in FY25 to 56.1% in FY26. The government uses debt switches (₹2.5 lakh crore budgeted) and buybacks (₹0.5 lakh crore done) to manage its profile.

RBI Governor Sanjay Malhotra stated that if inflation falls below current projections, it could create room for more policy easing but emphasized the need to monitor incoming data to maintain a growth-inflation balance. Despite a surprise 50 bps rate cut and a shift to a 'neutral' stance, he clarified this doesn't signal an imminent policy reversal. Malhotra defended the current surplus liquidity as necessary to meet economic credit needs and dismissed concerns about asset bubbles. He highlighted ongoing assessments to better align the call rate with the repo rate, potentially using VRRR auctions.

Upcoming auction schedule:

- **24th June** – RBI announced the SDL auction, in which 9 states will be raising aggregating to 27200 crores.
- **25th 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

	16 JUN	17 JUN	18 JUN	19 JUN	20 JUN
OPEN	86.1	86.0	86.3	86.4	86.6
HIGH	86.3	86.4	86.5	86.9	86.7
LOW	85.7	85.8	86.2	86.4	86.5
CLOSE	85.8	86.3	86.4	86.8	86.5

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

Key Events

DATE	EVENTS
23-JUNE	Eurozone HCOB Flash PMI, Manufacturing & Services, Germany HCOB Flash PMI, Manufacturing & Services, India HSBC Flash PMI, Manufacturing & Services
24-JUNE	Canada Inflation, United States Current Account, United Kingdom CBI Industrial Trends Orders
25-JUNE	United States New Home Sales, Japan BoJ Summary of Opinions
26-JUNE	Eurozone ECB General Council Meeting, United States GDP, United States Wholesale Inventories
27-JUNE	Eurozone Economic Sentiment, United States Core PCE Price Index, United States Personal Income and Spending

Currency Movement:

The Indian rupee fell to a three-month low of 86.92 against the U.S. dollar on Thursday, driven by persistent concerns over the Iran-Israel conflict and rising oil prices. It later recovered slightly to close at 86.72, likely due to suspected RBI intervention. With Brent crude hovering around \$77 per barrel, upward pressure on oil is weighing on the rupee, which has already lost nearly 1% this week. Traders expect further weakness as Middle East tensions persist, and exporters remain cautious in their hedging strategies.

India's foreign exchange reserves saw a rise, reaching \$698.95 billion for the week ending June 13, according to RBI data. This increase was primarily driven by a \$1.73 billion rise in foreign currency assets, which now stand at \$589.42 billion. The RBI actively manages liquidity and intervenes in the market to maintain orderly conditions and prevent excessive rupee volatility.

Key updates and week ahead:

Key upcoming U.S. data includes the final Q1 GDP reading and May's core PCE index, expected to show a modest rise aligned with soft core CPI. Durable goods orders, personal income, and spending will also provide insight into May's economic conditions. Meanwhile, Canada's May inflation data is due, with early indicators like the S&P Global PMI Output Prices Index pointing to rising price pressures from tariffs.

Europe awaits key data releases, including preliminary June inflation from France and Spain on Friday, followed by HCOB Flash PMIs on Monday for early price trend insights. Germany's flash PMI will gauge business confidence via the Future Output Index, while detailed UK Q1 GDP figures will also be updated on Friday.

In APAC, the Bank of Thailand meets amid expectations of further rate cuts due to weak inflation and growth. Inflation data from Singapore and Malaysia, along with industrial output figures from Taiwan and Singapore, will be watched closely, especially after Taiwan's PMI signalled declining orders and production.