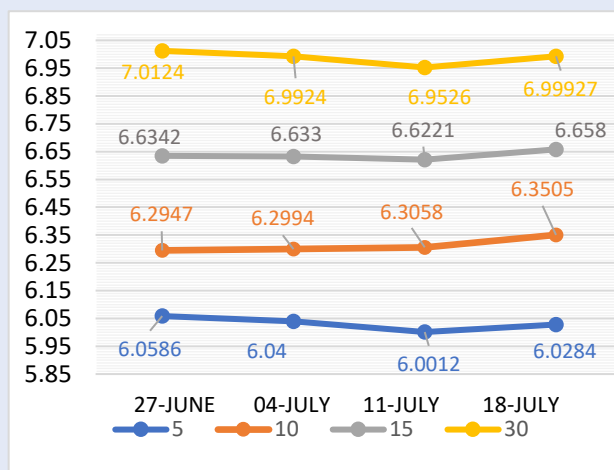
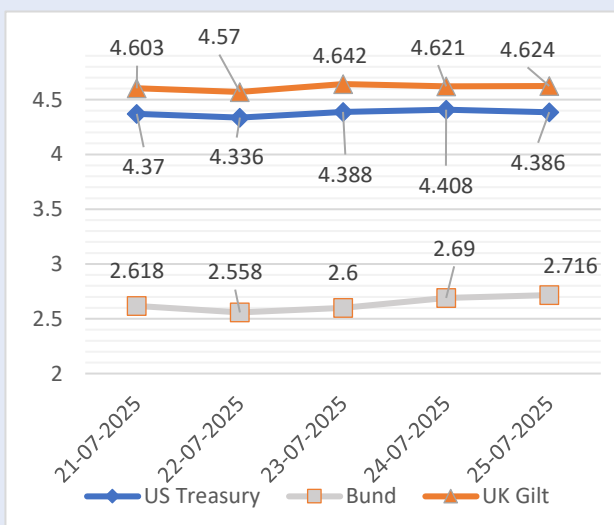


27TH JULY 2025
MARKET OVERVIEW

	21 JULY	22 JULY	23 JULY	24 JULY	25 JULY
USD/INR	86.36	86.44	86.47	86.44	86.64
OIL	69.63	69.12	69.10	69.54	69.86
GOLD	3416	3447	3451	3401	3376
India 10 Y	6.2996	6.3069	6.3117	6.3276	6.3505
US 10 Y	4.427	4.398	4.398	4.442	4.430
NIFTY 50	25095	25066	25208	25051	24832
SENSEX	82245	82180	82669	82149	81467

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 6.3505 at 4.47 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (4.47 bps above), 10Y UST (4.5 bps below), 10Y Bund (2.5 bps below), and 10Y UKT (5 bps below).

Russia's central bank has lowered its benchmark interest rate from 20% to 18%, as announced in an official statement on its website Friday. The two-percentage-point cut reflects a shift in the central bank's monetary policy stance.

Tokyo's consumer inflation cooled more than expected in July, potentially delaying the Bank of Japan's rate hike plans amid growing political and trade uncertainty. Core CPI, excluding fresh food, rose 2.9% year-on-year—below forecasts and down from 3.1% in June. A narrower core measure, excluding both food and energy, held steady at 3.1%. Headline inflation also eased to 2.9%. The softer Tokyo data, often a national inflation bellwether, follows a similar trend seen in June.

The U.S. Services PMI rose sharply to 55.2 in July, well above the forecast of 53.0 and the previous month's 52.9, signaling robust growth in the service sector. Published by Markit Economics, the data—based on surveys from over 400 service industry executives—indicates strong expansion across sectors like finance, IT, hospitality, and transport. A reading above 50 suggests growth, and this significant uptick is seen as bullish for the USD and supportive of investor confidence. Given the service sector's weight in the economy, the high-importance release points to a positive economic outlook.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
JULY 14	-	-	116037
JULY 15	-	57450	97432
JULY 16	-	-	109064
JULY 17	-	-	106279
JULY 18	-	200027	116590
JULY 19	-	-	111162

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JULY 19. 2024	JULY 11. 2025	JULY 18. 2025
	1	2	3
Call Money	15785	29963	28444
Notice Money	5357	2214	7685
Triparty Repo	739055	663802	788486
Market Repo	632592	633563	750243
Repo in Corporate Bond	3352	9481	9722

Most Actively Traded Debt.

Paper	Yield (%)	LTP
LARSEN AND TOUBRO LIMITED 7.20 NCD 22JN35 FVRS1LAC	7.030	101.0599
KOTAK MAHINDRA PRIME LIMITED 7.79 NCD 19JL27 FVRS10LAC	7.000	101.4056
REC LIMITED SR 239 BD 03NV34 FVRS1LAC	6.4600	55.9307
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED SR 646 8.50 NCD 25JL27 FVRS1LAC	7.2500	102.2412

Indian Market update:

Indian mutual funds and insurers are increasingly adopting an accrual strategy, focusing on interest income from corporate bonds amid stable government bond yields. Fund managers are favouring shorter-duration (2–3 year) bonds as yields rise, with spreads over government bonds widening to 85 bps. Mutual funds are reallocating from long-term G-Secs to short-term corporate bonds, driven by the RBI's liquidity tightening. In contrast, insurance companies prefer longer-duration (5–10 year) corporate bonds, where spreads remain attractive at 75–85 bps.

The Government of India has announced the buyback of its Securities through auction for an aggregate amount of ₹30,000 crore (face value).

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.

India's economy remains resilient despite global uncertainties, supported by strong services, modest industrial growth, and improved crop prospects, according to the RBI's monthly bulletin. The central bank recently cut its policy rate by 50 basis points and lowered the cash reserve ratio amid low inflation, which fell to a six-year low of 2.10% in June. While financial markets were buoyed in late June by easing geopolitical tensions and infrastructure finance reforms, investor sentiment turned cautious in early July due to uncertainty around an India-U.S. trade deal and mixed corporate earnings.

UPCOMING AUCTIONS

- **29TH July** – RBI announced the SDL auction, in which 12 states will be raising aggregating to 30,000 crores.
- **30TH July** – 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

	21 JULY	22 JULY	23 JULY	24 JULY	25 JULY
OPEN	86.1	86.1	86.3	86.4	86.4
HIGH	86.3	86.4	86.4	86.4	86.6
LOW	86.1	86.1	86.2	86.2	86.4
CLOSE	86.2	86.3	86.3	86.3	86.5

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
28-JULY	India Industrial Production (Jun)
29-JULY	United States Wholesale Inventories, United States Goods Trade Balance, United States JOLTs Job Openings
30-JULY	Eurozone GDP, United States FOMC Interest Rate Decision, United States ADP Employment Change
31-JULY	Eurozone Unemployment Rate, Japan BoJ Interest Rate Decision, Japan Industrial Production and Retail Sales, Germany Unemployment Rate
01-AUGUST	United States Non-Farm Payrolls, Unemployment and Average Hourly Earnings, United States ISM Manufacturing PMI, United States UoM Sentiment, Eurozone Inflation

Currency Movement:

The Indian rupee opened 16 paise lower at 86.57 against the US dollar on July 25, pressured by a stronger dollar and weakness in Asian currencies. The dollar index rose to 97.609 following strong US jobs data, which reduced expectations of an imminent Fed rate cut. Asian markets remained cautious due to global trade uncertainties and the upcoming US Federal Reserve meeting. Most regional currencies, including the South Korean won, Philippine peso, Japanese yen, and Indonesian rupiah, saw declines. Analysts expect the rupee to stay under pressure, with a trading range projected between 86.15 and 86.60, as markets await US tariff decisions, Fed policy signals, and key economic data releases.

India's foreign exchange reserves experienced a decrease of \$1.18 billion, reaching \$695.49 billion for the week ending on July 18, according to Reserve Bank of India data. The RBI actively manages liquidity and intervenes in the market to prevent significant depreciation of the rupee.

Key updates and week ahead:

Central bank meetings in the US and Canada are scheduled this week, with no rate changes expected. In the US, tariff-driven inflation uncertainty is likely to delay the next FOMC rate cut. Similarly, the Bank of Canada is expected to hold rates steady amid persistent inflation signals from recent PMI data, despite weak output.

Key US data releases include Q2 GDP, July payrolls, core PCE inflation, and ISM and S&P Global Manufacturing PMIs. A rebound in Q2 growth and a solid labour market print are anticipated, following first-quarter weakness and strong PMI employment indicators.

Key eurozone updates this week include flash Q2 GDP and July inflation data. Growth is expected to remain weak, as indicated by recent HCOB and S&P Global PMI data. Meanwhile, stable selling price inflation in July suggests inflation may hover near the 2% target in the coming months.

The Bank of Japan meets this week, with no policy changes expected until at least December. Key data releases include China's NBS and S&P Global Manufacturing PMIs, as well as Australia's CPI figures.