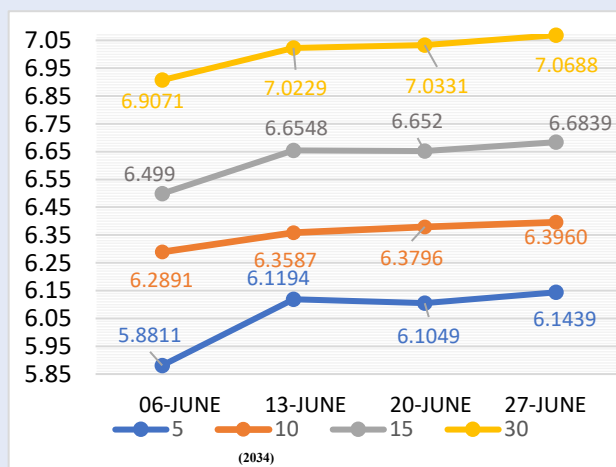
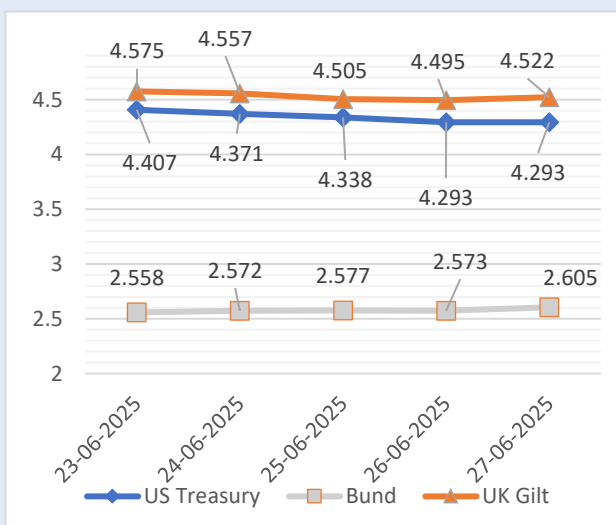


**28<sup>TH</sup> JUNE 2025**
**MARKET OVERVIEW**

	23 JUN	24 JUN	25 JUN	26 JUN	27 JUN
USD/INR	86.871	86.265	86.148	86.055	85.681
OIL	79.40	69.37	67.51	67.77	67.31
GOLD	3413.8	3385.0	3351.3	3363.9	3351.9
India 10 Y (2035)	6.3053	6.2504	6.2873	6.2763	6.3134
US 10 Y	4.407	4.371	4.338	4.293	4.293
NIFTY 50	24959	25075	25236	25529	25631
SENSEX	81864	82160	82734	83708	84043

**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 6.3134 at 1.38 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (1.38 bps above), 10Y UST (8 bps above), 10Y Bund (9 bps above), and 10Y UKT (1 bps below).

The U.S. dollar hovered near 3.5-year lows against the euro and sterling on Friday as markets priced in deeper rate cuts amid expectations that President Trump may soon announce a more dovish Fed chair to replace Jerome Powell. Powell's recent testimony also reinforced dovish expectations, with traders now anticipating 64 bps of easing this year. The dollar index fell to 97.398, down over 10% in 2025.

Japan's manufacturing PMI rose to 50.4 in June, returning to expansion for the first time since May 2024, driven by renewed output and inventory growth. Services PMI also improved to 51.5, supported by strong domestic demand. The composite PMI climbed to 51.4 from 50.2, indicating a broader recovery in business activity.

German export sentiment worsened in June, with the Ifo export expectations index dropping to -3.9 from -3.0 in May, as uncertainty over potential U.S. tariffs continued to weigh on outlook. Ifo's Klaus Wohlrabe cited stalled EU-U.S. trade talks as a key factor dampening exporter confidence.

China's industrial profits fell 9.1% year-on-year in May 2025, ending a two-month growth streak, amid slowing factory activity, weak demand, deflationary pressures, and ongoing property sector woes. Cumulative profits for January–May dropped 1.1% versus a 1.4% rise in the first four months. State firms saw a 7.4% profit decline.

### Liquidity Operation by RBI

Date	VRR	MSF	SDF
JUNE 16	-	1289	277831
JUNE 17	-	1297	299971
JUNE 18	-	1389	296073
JUNE 19	-	1323	322568
JUNE 20	-	2659	303886
JUNE 21	-	946	235683

### AVERAGE DAILY TURNOVER

Item	Week Ended		
	JUNE 21. 2024	JUNE 13. 2025	JUNE 20. 2025
	1	2	3
Call Money	19913	31335	24157
Notice Money	1286	2170	7652
Triparty Repo	617320	784601	802836
Market Repo	539543	759880	763218
Repo in Corporate Bond	2865	9944	9639

### Most Actively Traded Debt.

Paper	Yield (%)	LTP
REC LIMITED SR 250A 6.60 BD 30JU27 FVRS1LAC	6.5956	100.0308
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.7535	102.0419
POWER FINANCE CORPORATION LIMITED SR BS 212 OPT A 6.09 BD 27AG26 FVRS10LAC	6.5200	99.5086

### Indian Market update:

India-U.S. trade talks have hit a stalemate over tariffs on auto parts, steel, and farm goods, threatening a deal before Trump's July 9 deadline. India resists cutting farm tariffs over job concerns, while the U.S. seeks broader access across key sectors. Despite India offering select tariff cuts and boosting energy and defense imports, it sees limited U.S. reciprocity. Strategic tensions, including U.S.-Pakistan ties, add strain. Still, India's exports to the U.S. surged to \$87B in goods and \$33B in services in 2024, while U.S. exports to India face steep tariffs.

India's economy is expected to grow steadily this fiscal and next, following a four-year low in 2024-25, according to a Reuters poll of 51 economists. GDP is projected to expand 6.4% in FY 2025-26, slightly below the 6.5% in the previous year, with a modest rise to 6.7% in FY 2026-27. Despite a 100-bps rate cut by the RBI this year, including a surprise 50 bps cut in June, strong government capital spending remains the key growth driver amid global uncertainty.

India's private sector activity surged in June, with the HSBC Flash India Composite PMI rising to a 14-month high of 61.0, driven by strong domestic and export demand. Services PMI hit 60.7 and manufacturing climbed to 58.4. Export orders saw record growth since data began in 2014, fueling the fastest hiring in manufacturing in over two decades. Input cost inflation eased to a 10-month low, moderating output price rises. Despite strong activity, overall business confidence dipped to a two-year low amid global uncertainties.

### Upcoming auction schedule:

- **1<sup>ST</sup> July** – RBI announced the SDL auction, in which 10 states will be raising aggregating to 18,100 crores.
- **2<sup>ND</sup> 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

	23 JUN	24 JUN	25 JUN	26 JUN	27 JUN
OPEN	86.7	86.1	85.9	86.0	85.6
HIGH	86.8	86.2	86.1	86.0	85.6
LOW	86.5	85.8	85.7	85.6	85.4
CLOSE	86.5	85.9	86.0	85.6	85.4

## 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
30-JUNE	United Kingdom GDP, India Current Account, Japan Industrial Production, US Chicago PMI
1-JULY	Eurozone Inflation, Worldwide Manufacturing PMIs, incl. global PMI, US ISM Manufacturing PMI, Germany Unemployment Rate
2-JULY	Canada Manufacturing PMI, Eurozone Unemployment Rate, United States ADP Employment Change
3-JULY	United States Non-Farm Payrolls, Unemployment Rate, Average Hourly Earnings, United States ISM Services PMI, United States Factory Orders
4-JULY	Japan Household Spending, Germany Factory Orders, France Industrial Production, Italy Retail Sales

## Currency Movement:

The Indian rupee posted its strongest weekly gain since January 2023, rising 1.3% to 85.4750/USD, driven by falling oil prices after the Iran-Israel ceasefire and a weaker dollar amid concerns over Fed independence. Despite the rally, the rupee still lags Asian peers in 2025. However, analysts expect near-term support from a weaker dollar and renewed foreign portfolio inflows into Indian bonds and equities. Market attention now shifts to U.S. PCE inflation data and Fed commentary for policy cues.

India's foreign exchange reserves fell by \$1.01 billion to \$697.93 billion for the week ended June 20, according to RBI data. The decline was led by a \$357 million drop in foreign currency assets, a \$573 million dip in gold reserves, an \$85 million fall in Special Drawing Rights (SDRs), and a \$1 million decrease in the IMF reserve position. Reserves had reached a record high of \$704.89 billion in September 2024.

On annual basis, India had a current account deficit at USD 23.3 billion (0.6 per cent of GDP) during 2024-25, lower than USD 26 billion (0.7 per cent of GDP) during 2023-24, primarily due to higher net invisibles receipts.

## Key updates and week ahead:

The U.S. will release June non-farm payrolls data on Thursday, with recent S&P Global Flash PMI suggesting strong hiring momentum. Final S&P Global and ISM PMI readings, along with factory orders and trade data, will also be closely watched for tariff impact.

The main data release from the eurozone will be June's flash inflation figures. The HCOB Flash Eurozone PMI showed that average selling prices rose at a pace consistent with the ECB's 2% inflation target, suggesting scope for additional rate cuts.

Mainland China's PMI data from the National Bureau of Statistics and Caixin/S&P Global is scheduled for release during the week. Additionally, Japan's Bank of Japan will publish its Q2 Tankan survey to assess business sentiment and expectations.