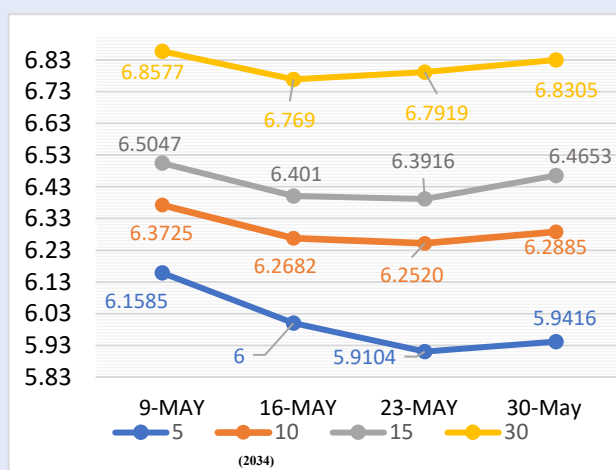
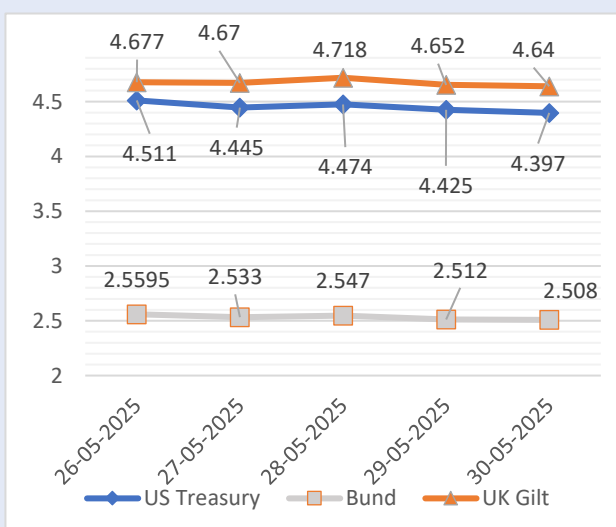


**31<sup>ST</sup> MAY 2025**
**MARKET OVERVIEW**

	26 MAY	27 MAY	28 MAY	29 MAY	30 MAY
USD/INR	85.088	85.330	85.414	85.419	85.525
OIL	64.12	63.57	64.32	63.35	62.78
GOLD	3374	3328	3322	3338	3317
India 10 Y (2035)	6.2046	6.2032	6.1743	6.1794	6.2308
US 10 Y	4.511	4.445	4.474	4.425	4.397
NIFTY 50	24996	24837	24757	24880	24738
SENSEX	82183	81584	81347	81795	81412

**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 6.2308 at 2 bps higher the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (2 bps above), 10Y UST (11 bps above), 10Y Bund (5 bps below), and 10Y UKT (5 bps below).

The U.S. goods trade deficit narrowed sharply by 46% to \$87.6 billion in April as import levels dropped after a surge in March to beat upcoming tariffs. Imports fell by \$68.4 billion to \$276.1 billion, while exports rose \$6.3 billion to \$188.5 billion. The earlier import rush had driven the trade gap to a record high, contributing to a 0.2% annualized GDP decline in Q1. Ongoing tariff uncertainty, with delays on most duties until July or August and conflicting court rulings, may prompt more pre-emptive importing.

On Friday, the People's Bank of China (PBOC) reported that it carried out outright reverse repurchase agreements totalling 700 billion yuan (\$97 billion) in May. The central bank explained that these operations were aimed at ensuring sufficient liquidity in the banking sector.

Bank of England policymaker Alan Taylor downplayed April's 3.5% inflation spike, attributing it to one-off tax and price changes, and reiterated support for deeper rate cuts due to rising global trade risks from U.S. tariffs. He noted the BoE's downgraded inflation and growth forecasts, with U.S. tariffs expected to reduce U.K. inflation by 0.2 percentage points and GDP by 0.3% over the next few years. Taylor, who previously voted for a 50-bps rate cut, warned that global developments could further drag growth. His stance contrasts with BoE Governor Andrew Bailey's call for a cautious approach.

### Liquidity Operation by RBI

Date	VRR	MSF	SDF
May 19	5170	456	234140
May 20	4617	453	224630
May 21	4348	591	1741096
May 22	4341	616	138547
May 23	4371	676	209752
May 24	-	601	181823

### AVERAGE DAILY TURNOVER

Item	Week Ended		
	May 24. 2024	May 16. 2025	May 23. 2025
	1	2	3
Call Money	20332	27040	29606
Notice Money	1619	9267	2533
Triparty Repo	535322	761526	666649
Market Repo	506526	784092	607184
Repo in Corporate Bond	3625	6781	6682

### Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRS1LAC	6.5968	102.5465
NATIONAL HOUSING BANK 6.80 BD 02AP32 FVRS1LAC	6.6775	100.6563
HDFC BANK LIMITED SR US004 7.65 NCD 25MY33 FVRS1LAC	7.1100	103.1692

### Indian Market update:

India's fiscal deficit for FY 2024–25 stood at 4.8% of GDP, aligning with the government's revised target, with a goal to reduce it to 4.4% in FY 2025–26. In April, the deficit reached 11.9% of the full-year estimate. Key figures include net tax receipts of ₹30.36 trillion, non-tax revenue of ₹5.38 trillion, total expenditure of ₹46.56 trillion, and capital expenditure of ₹10.52 trillion—all higher than the previous year.

The Gross Domestic Product (GDP) in India expanded 7.40 percent in the first quarter of 2025 over the same quarter of the previous year. GDP Annual Growth Rate in India averaged 6.02 percent from 1951 until 2025, reaching an all-time high of 22.60 percent in the second quarter of 2021 and a record low of -23.10 percent in the second quarter of 2020.

The RBI's balance sheet grew 8.2% year-on-year to ₹76.25 lakh crore in FY25, driven by a 52.1% surge in gold holdings, 14.3% rise in domestic investments, and a modest 1.7% increase in foreign investments. Domestic assets comprised 25.73% of the portfolio, with the rest in foreign currency assets, gold, and overseas advances. On the liabilities side, the value of notes issued rose 6.03%, revaluation accounts increased 17.3%, and other liabilities jumped 23.3%. The RBI's income grew 22.8%, while expenditure rose 7.8%, resulting in a surplus of ₹2.68 lakh crore.

India's industrial production rose by 2.7% year-on-year in April, exceeding economists' forecasts of a modest 1% increase, as per government data released on Wednesday.

The Government of India has announced the buyback of its Securities through auction for an aggregate amount of ₹25,000 crore (face value).

#### Upcoming auction schedule:

- **3<sup>RD</sup> June** – RBI announced the SDL auction, in which 12 states will be raising aggregating to 29,400 crores.
- **4<sup>TH</sup> 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

	26 MAY	27 MAY	28 MAY	29 MAY	30 MAY
<b>OPEN</b>	85.0	85.0	85.5	85.5	85.3
<b>HIGH</b>	85.1	85.4	85.7	85.6	85.6
<b>LOW</b>	84.7	85.0	85.3	85.3	85.2
<b>CLOSE</b>	85.0	85.3	85.4	85.	85.5

## INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
<b>INDIA</b>	6.00	6.25
<b>USA</b>	4.50	4.50
<b>UK</b>	4.25	4.5
<b>CHINA</b>	3.00	3.10
<b>EURO AREA</b>	2.40	2.65
<b>JAPAN</b>	0.50	0.50

DATE	EVENTS
2-JUNE	United States ISM Manufacturing PMI, Worldwide Manufacturing PMIs, incl. global PMI
3-JUNE	Eurozone Inflation, South Africa GDP, Australia RBA Meeting Minutes, US JOLTs Job Openings
4-JUNE	Canada BoC Interest Rate Decision, United States ISM Services PMI, United States ADP Employment Change
5-JUNE	Eurozone ECB Interest Rate Decision, Germany Factory Orders, United States Trade, Eurozone Construction PMI
6-JUNE	United States Non-Farm Payrolls, Unemployment Rate and Average Hourly Earnings, Germany Trade and Industrial Production

## Currency Movement:

The rupee opened 26 paise lower at 85.61 on May 28 amid a stronger dollar, which gained support from a rebound in U.S. consumer confidence. The dollar index rose after data showed the consumer confidence index jumped to 98 in May from 85.7 in April, ending a five-month decline. However, trade uncertainties and fiscal concerns continue to weigh on the dollar overall.

In May, the Indian rupee emerged as Asia's worst-performing currency, falling by 1.27% to close at 85.57 per dollar. The decline was driven by tariff-related uncertainties, border tensions, and anticipated monetary easing. Although easing inflation and modest growth prospects provided some support, global economic conditions and possible changes in U.S. monetary policy may continue to pressure the rupee.

## Key updates and week ahead:

In the first week of June, global manufacturing, services, and composite PMI data—along with detailed sector figures—will be released, offering a clearer picture of economic conditions in May. These updates will shed light on global output trends and inflation, especially after preliminary PMIs showed weak growth in major developed economies and a sharp rise in U.S. prices. Analysts will also closely watch changes in business sentiment, which remained muted in April following the announcement of U.S. tariffs.

Key U.S. data this week includes non-farm payrolls and ISM PMI. A slight drop in May employment raises concerns of a weak jobs report, with recent growth likely driven by pre-tariff front-loading. The Bank of Canada meets amid inflation worries, with markets unsure of a mid-year rate cut. Canada's trade and jobs data are also due.

The ECB is expected to cut rates by 25 bps amid weak May business activity and easing inflation, per HCOB Flash PMI. Eurozone flash CPI, German trade, and industrial output data are due ahead of the decision. In the UK, focus will be on mortgage figures and final PMI, including construction.