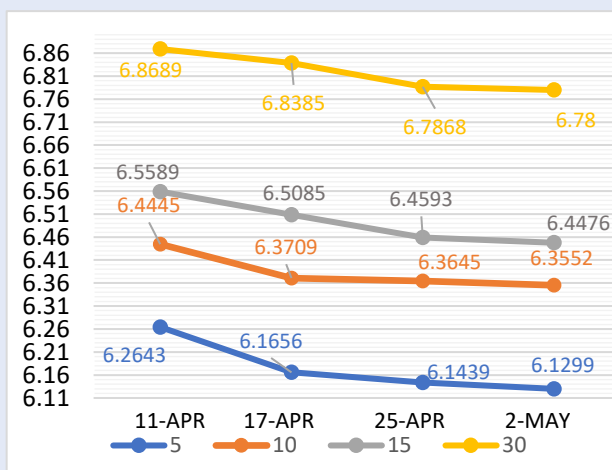
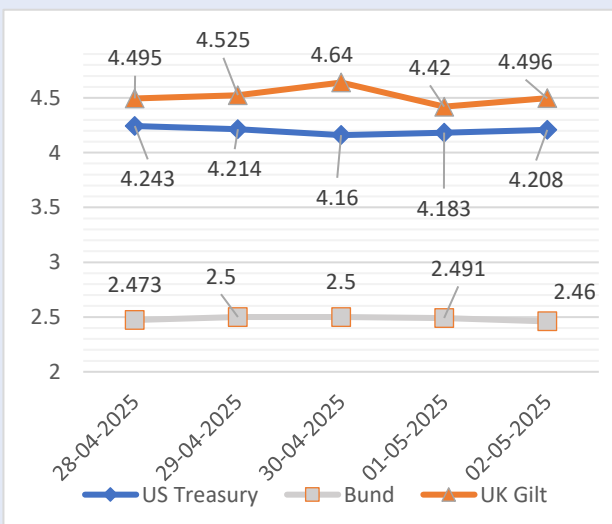


3RD MAY 2025
MARKET OVERVIEW

	28 APR	29 APR	30 APR	1 MAY	2 MAY
USD/INR	85.38	85.16	85.22	84.60	84.65
OIL	67.25	65.79	64.11	61.23	61.82
GOLD	3336	3369	3346	3312	3246
India 10 Y	6.3959	6.3419	6.3559	-	6.3552
US 10 Y	4.243	4.214	4.160	4.183	4.208
NIFTY 50	24312	24328	24246	-	24312
SENSEX	80156	80246	80015	-	80401

INDIA BOND YIELD (%)

KEY 10-YR YIELDS (%)

Key headlines from the week:

The 10-year benchmark yield concluded the week at 6.3552 at 1 bps lower the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (1 bps below), 10Y UST (13 bps above), 10Y Bund (2 bps below), and 10Y UKT (4 bps below).

The U.S. added 177,000 jobs in April, exceeding expectations but down from March's 185,000, reflecting economic uncertainty from President Trump's tariff policies. The unemployment rate remained at 4.2%, while wage growth slowed to 0.2%. Despite continued labor market resilience, warning signs include a sharp drop in job openings, weak ADP payrolls, rising jobless claims, and a 0.3% GDP contraction in Q1.

Euro-zone headline inflation held steady at 2.2% in April 2025, meeting expectations and signalling economic stability. Core inflation rose to 2.7% from 2.4%, driven by a temporary surge in services inflation linked to Easter timing. Energy inflation fell, while food-related inflation slightly increased. The ECB is not expected to react strongly, viewing the services inflation rise as short-lived. Meanwhile, the unemployment rate edged up to 6.2% and labour market indicators weakened.

Germany's unemployment rose by 4,000 in April, less than expected, but the jobless rate climbed to 6.3%—it's highest since the pandemic and, excluding that period, since December 2015. The number of unemployed reached 2.92 million, nearing the 3 million marks for the first time in a decade. Job vacancies dropped by 55,000 from a year earlier to 646,000, indicating weakening labour demand.

Liquidity Operation by RBI

Date	VRR	MSF	SDF
Apr 21	6332	879	87351
Apr 22	17892	413	91222
Apr 23	18872	304	133629
Apr 24	9634	323	146584
Apr 25	6947	298	145006
Apr 26	-	189	133722

AVERAGE DAILY TURNOVER

Item	Week Ended		
	APR 26. 2024	APR 18. 2025	APR 25. 2025
	1	2	3
Call Money	18120	22900	26638
Notice Money	1625	11120	2082
Triparty Repo	628164	827215	70611
Market Repo	570483	810602	626465
Repo in Corporate Bond	3178	6241	6915

Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR Z001 6 NCD 29MY26 FVRS1LAC	6.6872	100.7627
HDFC BANK LIMITED SR Z001 6 NCD 29MY26 FVRS10LAC	7.1277	98.8755
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 G 9.35 NCD 30DC33 FVRS1LAC	9.0495	103.4481
REC LIMITED SR 245A 7.44 BD 29FB28 FVRS1LAC	6.8610	101.4104

Indian Market update:

Indian government bond yields edged slightly higher on Friday morning, with market focus on demand for a new 10-year bond being auctioned later. The 10-year yield stood at 6.3573%, up marginally from the previous close. Yields have dropped sharply in recent months—22 bps in April and 15 bps in March—prompting some consolidation. The government plans to raise ₹360 billion, including ₹300 billion via the new 10-year bond. Sentiment remains bullish amid RBI's planned ₹1.25 trillion bond purchases in May. Meanwhile, OIS rates were marginally lower, continuing a four-month declining trend.

India's private capital expenditure likely peaked in FY25 at ₹6.56 lakh crore, a 66% rise from FY22, but is expected to decline to ₹4.9 lakh crore in FY26. Despite the dip, it will remain above FY22–23 levels. The finance ministry attributes the expected slowdown to global geopolitical uncertainties impacting investment sentiment.

Government of India has been undertaking conversion/switch operations with market participants as well as with the Reserve Bank with the objective of smoothening its liability profile as well as for market development. As part of these operations, Government has undertaken conversion/switch transactions with the Reserve Bank on April 30, 2025 (settlement on May 02, 2025).

India's total exports reached a record \$824.9 billion in FY25, driven by a surge in services exports, according to the commerce and industry ministry. Services exports hit a historic high of \$387.5 billion, marking a 13.6% increase from the previous fiscal year. Despite global challenges, merchandise exports excluding petroleum also saw a record increase.

In the SDL auction conducted on 29th April, 11 states raised an aggregate amount of ₹ 24700 Cr.

Upcoming auction schedule:

- **6th MAY** – RBI announced the SDL auction, in which 8 states will be raising aggregating to 21,000 crores.
- **7th MAY** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9000, 5000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	28 APR	29 APR	30 APR	1 MAY	2 MAY
OPEN	85.3	85.1	85.2	84.6	84.6
HIGH	85.4	85.4	85.2	84.7	84.6
LOW	84.9	84.9	84.4	84.4	83.7
CLOSE	85.1	85.1	84.5	84.5	84.5

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	6.00	6.25
USA	4.50	4.50
UK	4.5	4.5
CHINA	3.10	3.35
EURO AREA	2.40	2.65
JAPAN	0.50	0.50

WEEK AHEAD KEY EVENTS

DATE	EVENTS
5-MAY	United States ISM Services PMI, Worldwide Services, Composite PMIs, inc. global PMI, Indonesia GDP
6-MAY	United States Trade, Spain Unemployment Change, France Industrial Production
7-MAY	United States FOMC Interest Rate Decision, Eurozone S&P Global Construction PMI, Taiwan Inflation Rate
8-MAY	Japan BoJ Meeting Minute, Germany Trade, United Kingdom BoE Interest Rate Decision Mexico Inflation (Apr)
9-MAY	United Kingdom Industrial Production, Canada Unemployment Rate, Italy Industrial Production, Japan Household Spending

Currency Movement:

The Indian rupee surged past 84 against the U.S. dollar, a level unseen since October 2024, fuelled by significant dollar sales from foreign banks and boosted by robust regional currencies. This rise, marking a nearly 2% weekly gain, is attributed to increased dollar inflows into Indian equities and optimism surrounding a potential U.S. trade deal.

Most Asian currencies strengthened on Friday after China signalled openness to trade talks with the U.S., while the dollar weakened ahead of key U.S. jobs data. Despite low trading volumes due to regional holidays, the offshore yuan firmed, and risk-sensitive currencies like the Australian dollar, South Korean won, Indian rupee, and Taiwan dollar saw notable gains. The Taiwan dollar outperformed, hitting a 14-year high, buoyed by optimism over U.S.-China relations and strong U.S. tech earnings.

Key updates and week ahead:

The upcoming May FOMC meeting is expected to leave interest rates unchanged, but markets will closely watch the Fed's tone amid signs of economic weakening. April's S&P Global US Manufacturing PMI showed subdued output and rising inflation due to recent trade policy changes. In Canada, attention will be on trade and jobs data after April's PMI revealed a sharp drop in orders and a third consecutive monthly decline in manufacturing employment, largely driven by tariffs.

The Bank of England is expected to cut rates by 25 basis points at its May meeting due to growth concerns from higher U.S. tariffs and a global slowdown. Despite rising inflation signals from the latest UK PMI, weak output data supports the case for rate cuts amid signs of a renewed economic downturn.

A busy economic calendar is expected for the APAC region at the start of May, headlined by releases from mainland China including April trade and inflation numbers. Additionally, New Zealand's employment data will be in focus, while several tier-1 data such as GDP and inflation numbers will be out across various APAC economies.