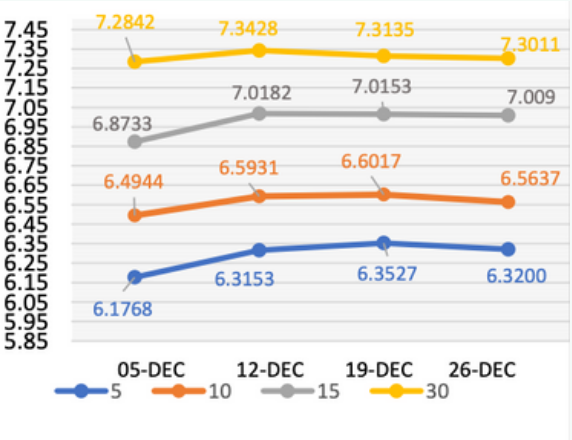
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 28th December 2025

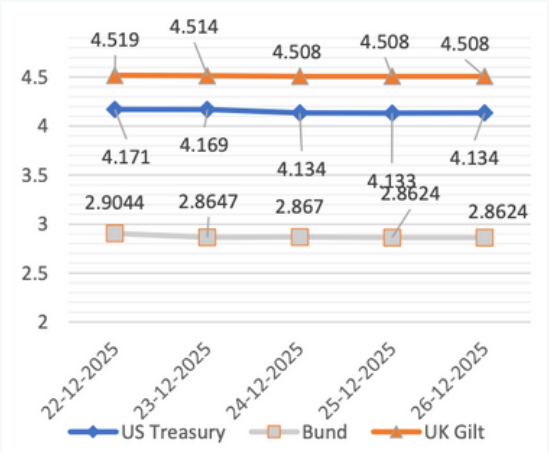
MARKET OVERVIEW

MARKETS	22 DEC	23 DEC	24 DEC	25 DEC	26 DEC
USD/INR	89.604	89.436	89.814	89.736	89.796
OIL	62.07	62.38	62.27	-	60.64
GOLD	4469	4505	4502	4527	4545
India 10yr	6.6678	6.6328	6.5398	-	6.5637
US 10yr	4.171	4.169	4.134	4.133	4.134
NIFTY 50	25161	26166	26137	-	26046
SENSEX	85545	85502	85387	-	85081

INDIA BOND YEILD (%)



KEY 10-YR YEILDS (%)



Key Headlines from the week:

The 10-year benchmark (6.48% GS 2035) yield concluded the week at 6.5637 at 3.8 bps below the previous week's closing figure.

The weekly movement in spreads includes 10Y Indian Treasuries (1.1 bps above), 10Y UST (2.0 bps below), 10Y Bund (3.01 bps below), and 10Y UKT (3 bps above).

Industrial Production in the United States rose 0.1% per month across October and November, the same as the rate of increase in September and a somewhat slower average pace than the past 12 months.

Manufacturing output in the United States was flat in November 2025 after dropping 0.4% in October. The index for durables dropped 0.5% in October and then ticked down 0.1% in November.

US private employers added an average of 11,500 jobs per week in the four weeks ending December 6, 2025, following an upwardly revised average gain of 17,500 jobs in the previous period.

Japan's industrial production dropped 2.6% month-on-month in November 2025, reversing a 1.5% increase in the previous month and missing market expectations of a 2.0% decline, according to flash data.

Japan's unemployment rate stood at 2.6% in November 2025, unchanged from the previous three months and in line with market estimates. It remained the highest reading since July 2024, as the number of unemployed declined by 40 thousand to 1.81 million.

SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 28th December 2025

Liquidity Operation by RBI

DATE	VRRR	MSF	SDF
DEC 15	224969	2694	156385
DEC 16	127170	5418	105016
DEC 17	57175	354	151004
DEC 18	50053	4354	136767
DEC 19	-	314	125711
DEC 20	-	7248	111526

AVERAGE DAILY TURNOVER

ITEM	WEEK ENDED		
	DEC 20 2024	NOV 12 2025	DEC 19 2025
	1	2	3
Call Money	21302	32741	32335
Notice Money	5274	1219	9127
Triparty Repo	825455	773289	909662
Market Repo	616987	717181	812641
Corporate Bond Repo	6123	16696	11618

MOST ACTIVELY TRADED DEBT.

Paper	Yield (%)	LTP
REC LIMITED SR 239 BD 03NV34 FVRS1LAC	6.4898	57.3295
SUNDARAM FINANCE LIMITED SR V2 6.48 NCD 15MY26 FVRS10LAC	6.8600	99.7602
IIFL SAMASTA FINANCE LIMITED 11 LOA 18MY30 FVRS1LAC	10.7524	100.7400
ICICI BANK LIMITED SR DNV25T2 7.40 BD 28NV40 FVRS1CR	7.3927	100.000

INDIAN MARKET UPDATE

Indian government bonds are poised for gains as the central bank's substantial liquidity infusion boosts investor sentiment. The RBI's move to inject nearly 3 trillion rupees into the banking system is expected to support bond prices and maintain optimal liquidity. This intervention aims to alleviate concerns about rising borrowing costs.

Indian government bonds rallied sharply after the RBI announced ₹2 trillion in bond purchases and a $10 billion forex swap to ease liquidity. Market experts Lakshmi Iyer of Bajaj Alternate Investment Management and Dhawal Dalal of Edelweiss AMC said the move helped calm bond markets amid tight liquidity and rising yields. While Iyer sees limited room for further rate cuts, Dalal expects yields to fall further in 2026 as liquidity improves and inflation cools.

The infrastructure output in India rose by 1.8% from the previous year in November of 2025, gaining traction following the revised 0.1% decrease in the previous month, which was the first drop in over one year. The rebound for the infrastructure aggregate, which makes up nearly 40% of India's total industrial production, indicated that the cutback in capacity from the aggressive hike in US tariffs was short-lived, aligned with other indicators pointing to some resilience for goods producers.

Money market operations on December 23, 2025: Overnight segment totaled ₹709153.60 crores at a 5.27% weighted average rate. The segment's significant operations included triparty repo at ₹479202 crore and 5.23%. RBI's net liquidity
absorption stood at ₹260359 crore.

UPCOMING AUCTIONS

30TH December – RBI announced the SDL auction, in which 15 states will be raising aggregating to 35,450 crores.

SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 28th December 2025

INR DOLLAR EXCHANGE

	22 DEC	23 DEC	24 DEC	25 DEC	26 DEC
OPEN	89.5	89.5	89.5	89.7	89.7
HIGH	89.7	88.8	88.8	88.7	88.9
LOW	89.4	89.4	89.4	89.7	89.6
CLOSE	89.6	89.4	89.8	89.7	89.6

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.25	5.50
USA	4.00	4.25
UK	3.75	4.00
CHINA	3.00	3.10
EURO AREA	2.15	2.40
JAPAN	0.75	0.50

KEY EVENTS

DATE	EVENTS
29- DEC	US Goods Trade Balance, US Wholesale Inventories, US Wholesale Inventories, Taiwan Consumer Confidence, Austria Manufacturing PMI
30- DEC	US Wholesale Inventories, US Fed FOMC Minutes, Russia Services PMI, Brazil Unemployment Rate
31- DEC	US Initial Jobless Claims, US Chicago PMI, China (Mainland) General Manufacturing PM
01- JAN	US, Canada, Brazil, Mexico Market Holiday, Austria, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, South Africa, Spain, Sweden, Switzerland, Türkiye, UK Market Holiday, South Korea Balance of Trade
02- JAN	Worldwide Manufacturing PMIs, incl. global PMI

CURRENCY MOVEMENT

Foreign Exchange Reserves in India increased to 693320 USD Million in December 19 from 688950 USD Million in the previous week. Foreign Exchange Reserves in India averaged 311533.01 USD Million from 1998 until 2025, reaching an all-time high of 704890 USD Million in September of 2024 and a record low of 29048 USD Million in September of 1998.

The rupee is likely to stay supported this week by firm Reserve Bank of India intervention, tempering its negative bias, while bond yields will track the central bank moves and offshore flows. The rupee jumped above 90 per U.S dollar late on Friday.

The rupee is likely to stay supported this week by firm Reserve Bank of India intervention, tempering its negative bias, while bond yields will track the central bank moves and offshore flows. The rupee jumped above 90 per U.S dollar late on Friday after the RBI stepped up intervention, ending theweek up more than 1% at 89.27.

KEY UPDATES AND WEEK AHEAD:

Year-End Fed Focus & US Data:

Key releases include US Q3 GDP revisions, industrial production, durable goods, consumer confidence, and FOMC minutes. Despite a third consecutive Fed rate cut in December to 3.5–3.75%, policymakers are split between concerns over a weakening labour market and sticky, tariff-driven inflation, with only one further cut expected in 2026.

UK Growth & Inflation Outlook:

Any revision to UK Q3 GDP growth (0.1%) will be assessed alongside December flash PMIs, which showed improving business activity and clearing budget-related uncertainty. While price pressures reaccelerated, surveys suggest inflation should continue easing, supporting the case for additional BoE rate cuts in 2026.

Early-2026 Global Indicators:

The New Year brings global manufacturing and services PMIs, US nonfarm payrolls, and flash eurozone inflation, expected to remain near the ECB's 2% target. Attention will also focus on China PMIs and global trade resilience, while rising US unemployment above 4.6% could shift Fed focus further on labour market support.