

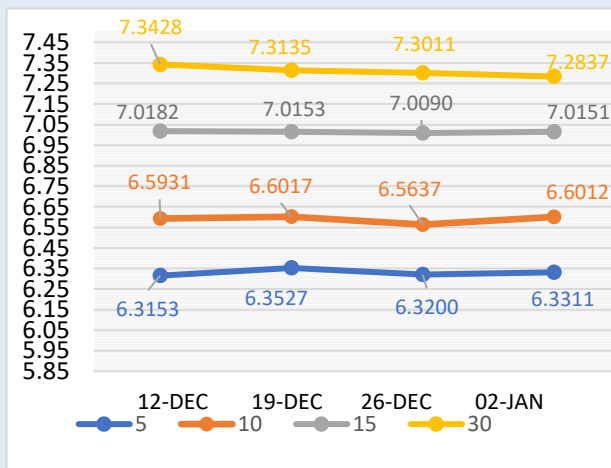


03<sup>RD</sup> JANUARY 2026

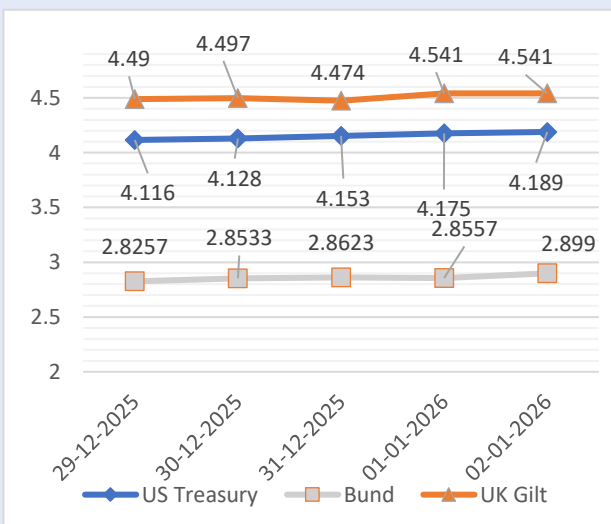
### MARKET OVERVIEW

	29 DEC	30 DEC	31 DEC	01 JAN	02 JAN
USD/INR	89.90	89.77	89.87	89.96	90.01
OIL	61.94	61.92	60.85	-	60.75
GOLD	4343	4402	4357	4361	4397
India 10 Y	6.5912	6.5786	6.5881	6.5818	6.6062
US 10 Y	4.116	4.128	4.153	4.175	4.189
NIFTY 50	25951	25916	26136	26140	26333
SENSEX	84728	84798	85219	85172	85811

### INDIA BOND YIELD (%)



### KEY 10-YR YIELDS (%)



### Key headlines from the week:

The 10-year benchmark (6.48% GS 2035) yield concluded the week at 6.6062 at **4.25 bps** above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (4.25 bps above), 10Y UST (5.0 bps above), 10Y Bund (4.01 bps above), and 10Y UKT (4 bps above).

China's official NBS Manufacturing PMI unexpectedly rose to 50.1 in December 2025, surpassing both November's reading and expectations of 49.2. It marked the first expansion in factory activity since March

China's current account surplus jumped to a record \$198.7 billion in the third quarter of 2025, exceeding an initial estimate of \$195.6 billion and up sharply from \$157.4 billion in the same period last year.

The S&P Global Russia Manufacturing PMI fell slightly to 48.1 in December 2025, down from 48.3 in November. It marked the seventh consecutive month of contraction, as output contracted at the fastest pace since March 2022, alongside a continued reduction in new orders amid weak demand conditions.

Initial jobless claims in the US fell by 16,000 to 199,000 in the week ending December 27, a typically volatile period due to the holiday season, and well below market expectations of 220,000. The reading marked the lowest level since January, excluding the seasonally volatile Thanksgiving week, when claims briefly dipped to a three-year low of 192,000.

South Korea's industrial production declined 1.4% year-on-year in November 2025, a much slower pace than the revised 8.2% drop in the previous month, suggesting that the downturn in industrial activity may be gradually easing.

### Liquidity Operation by RBI

Date	VRR	MSF	SDF
DEC 22	15507	3452	76861
DEC 23	112655	412	179720
DEC 24	87347	696	120117
DEC 25	-	360	112877
DEC 26	203028	504	151649
DEC 27	-	226	130817

### AVERAGE DAILY TURNOVER

Item	Week Ended		
	DEC 27. 2024	DEC 19. 2025	DEC 26. 2025
	1	2	3
Call Money	18396	32335	28949
Notice Money	716	9127	1914
Triparty Repo	698889	909662	773807
Market Repo	452238	812461	650252
Repo in Corporate Bond	8475	11618	14861

### Most Actively Traded Debt.

Paper	Yield (%)	LTP
REC LIMITED SR 239 BD 03NV34 FVRS1LAC	6.6589	56.1797
PUNJAB NATIONAL BANK SR XIX 8.59 PP BD FVRS1CR	7.6995	102.2900
IIFL FINANCE LIMITED SR PDI-2 OP B 9.90 NCD FVRS1CR	9.8692	100.1000
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 D 9.35 NCD 31DC30 FVRS1LAC	9.0686	102.0800

### Indian Market update:

The HSBC India Manufacturing PMI fell to 55.0 in December 2025, revised lower from initial estimates of 55.7, down from 56.6 in November. This marks the weakest improvement in two years, as factory output expanded at the slowest pace since October 2022, alongside softer growth in new orders.

The industrial production in India grew 6.7% from the previous year in November of 2025, accelerating from the upwardly revised 0.5% increase in the previous month, to mark the sharpest pace of expansion since October of 2023. The robust growth pace pushed back against concerns that aggressive tariff hikes by the US government would drive a sustained slowdown in the Indian economy, especially as goods producers are likely paying for more expensive fuel after the US tariffed major Russian oil producers and distributors.

The manufacturing output in India expanded by 8% annually in November of 2025, according to a preliminary estimate, following the upwardly revised 2% increase in the previous month.

Money Supply M3 in India increased to 291363.75 INR Billion in the week ending November 28 from 289454.93 INR Billion two weeks before. Money Supply M3 in India averaged 56000.27 INR Billion from 1951 until 2025, reaching an all time high of 291363.75 INR Billion in November of 2025 and a record low of 20.57 INR Billion in October of 1952.

### UPCOMING AUCTIONS

**6<sup>TH</sup> January** – RBI announced the SDL auction, in which 9 states will be raising aggregating to 30,100 crores.

**7<sup>TH</sup> January** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9,000, 12000, & 8000 crores respectively.

## INR – DOLLAR EXCHANGE

	29 DEC	30 DEC	31 DEC	01 JAN	02 JAN
<b>OPEN</b>	89.8	89.9	89.7	89.9	89.9
<b>HIGH</b>	89.9	90.0	90.0	89.9	90.2
<b>LOW</b>	89.8	89.6	89.7	89.8	89.8
<b>CLOSE</b>	89.9	89.7	89.8	89.9	90.0

## INTEREST RATES

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

## Key Events

DATE	EVENTS
05- JAN	US ISM Manufacturing PMI, China (Mainland) General Services PMI, Japan Manufacturing PMI
06- JAN	Worldwide Services, Composite PMIs, inc. global PMI, Germany Inflation
07- JAN	US ADP Weekly Employment Change, US Factory Orders, Eurozone Inflation, US JOLTs Job Openings
08- JAN	US Initial Jobless Claims, US Nonfarm Productivity, Eurozone Unemployment Rate, US Balance of Trade, Eurozone Economic Sentiment
09- JAN	US Non-Farm Payrolls, Unemployment Rate, Average Hourly Earnings, US UoM Sentiment, China (Mainland) CPI, PPI, Germany Industrial Production, US UoM Sentiment, Germany Industrial Production

## Currency Movement:

Foreign Exchange Reserves in India increased to 696610 USD Million in December 26 from 693320 USD Million in the previous week. Foreign Exchange Reserves in India averaged 311804 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 value of loans in India increased 12 percent in December of 2025 over the same month in the previous year. Loan Growth in India averaged 11.75 percent from 2012 until 2025, reaching an all time high of 20.80 percent in December of 2023 and a record low of 4.10 percent in March of 2017.

India's fiscal deficit widened to INR 9.77 trillion in April–November 2025–26, up from INR 8.47 trillion a year earlier, reaching 62.3% of the government's full-year target compared with 52.5% in the same period last year. Total receipts rose 2.9% year-on-year to INR 19.49 trillion, or 55.7% of the annual target, with net tax revenues at INR 13.94 trillion versus INR 14.4 trillion a year ago..

## 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