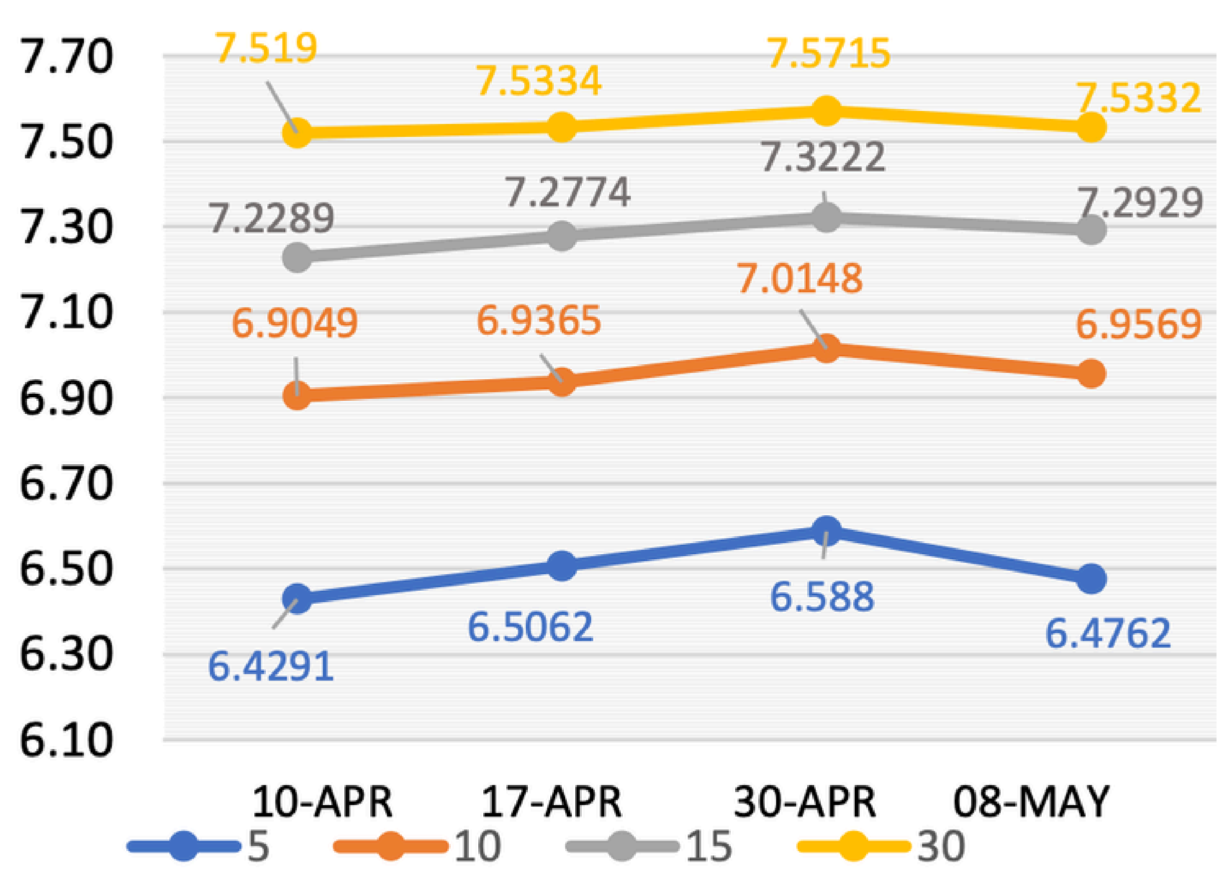
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 10th May, 2026

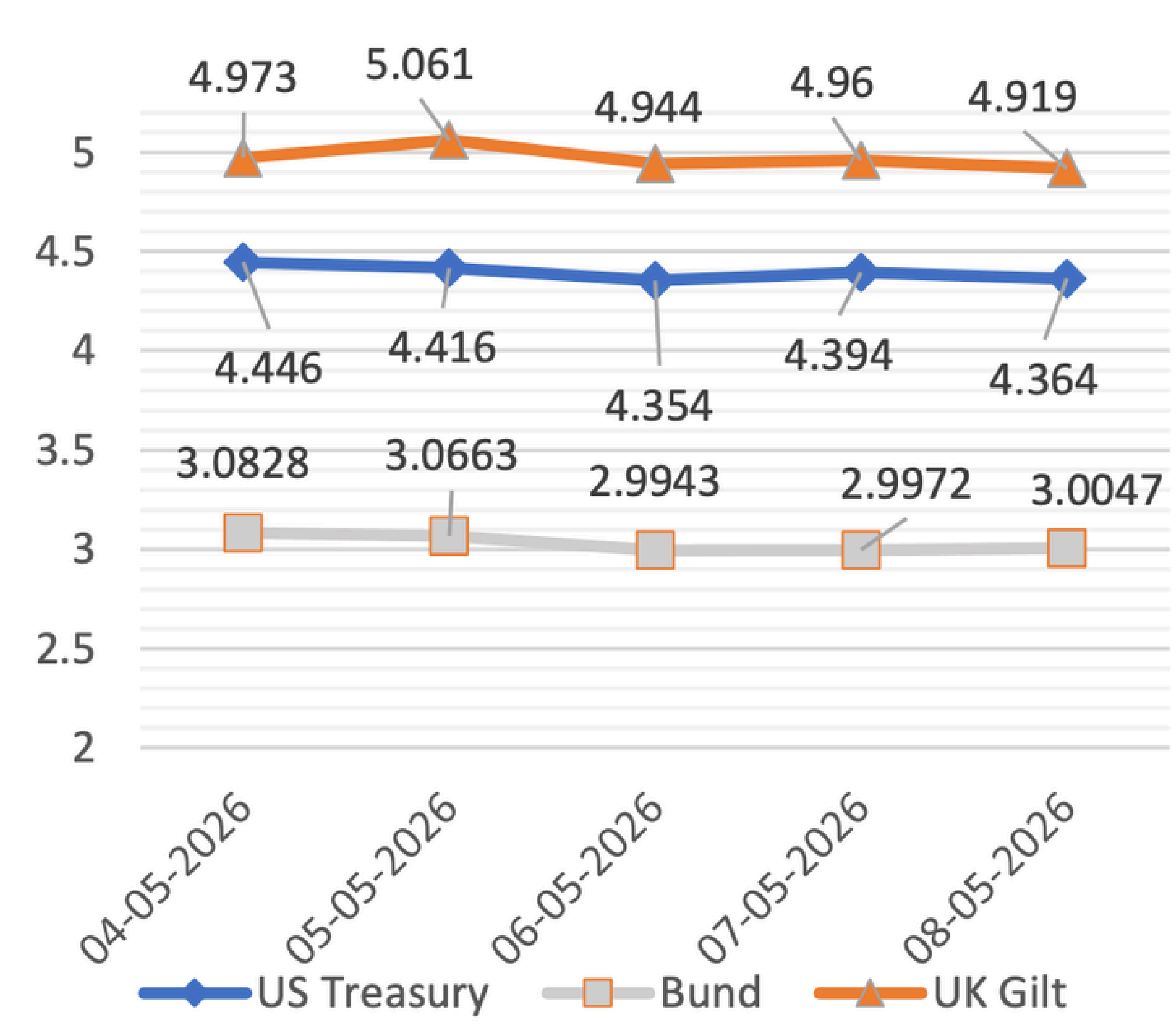
Market Overview

MARKETS	04 MAY	05 MAY	06 MAY	07 MAY	08 MAY
USD/INR	95.093	95.19	94.615	94.26	94.441
OIL	94.441	109.87	101.27	100.03	101.29
GOLD	4533	4568	4694	4710	4730
India 10 Y	7.0194	7.0184	6.9219	6.9328	6.9809
US 10 Y	4.446	4.416	4.354	4.394	4.364
NIFTY 50	24122	24051	24339	24335	24180
SENSEX	77304	77087	78004	77886	77344

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 6.9809 at 3.39 bps below the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (3.39 bps below), 10Y UST (1 bps below), 10Y Bund (3 bps below), and 10Y UKT (6 bps below).

Non-Farm Payrolls in the United States increased by 115 thousand in April of 2026. Non-Farm Payrolls in the United States averaged 123.05 Thousand from 1939 until 2026, reaching an all-time high of 4631 Thousand in June of 2020 and a record low of -20469 Thousand in April of 2020.

Unemployment Rate in the United States remained unchanged at 4.30 percent in April. Unemployment Rate in the United States averaged 5.66 percent from 1948 until 2026, reaching an all-time high of 14.80 percent in April of 2020 and a record low of 2.50 percent in May of 1953.

Manufacturing Payrolls in the United States decreased by 2 thousand in April of 2026. Manufacturing Payrolls in the United States averaged 3.35 Thousand from 1939 until 2026, reaching an all-time high of 655 Thousand in April of 1946 and a record low of -1715 Thousand in September of 1945.

Germany's industrial output shrank 0.7% month-on-month in March 2026, following a downwardly revised 0.5% decline in the previous month and missing market expectations for a 0.5% increase.

US nonfarm business sector labor productivity rose by 0.8% in the first quarter of 2026, a slowdown from the revised 1.6% increase in the previous quarter and below market expectations of 1.4%, according to preliminary estimates.

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Liquidity Operation by RBI

DATE	VRR	MSF	SDF
APR 27	-	1389	327106
APR 28	-	26822	310269
APR 29	-	2267	265433
APR 30	25715	10049	302439
MAY 01	-	307	210775
MAY 03	-	43	246540

AVERAGE DAILY TURNOVER

Item	Week Ended		
	MAY 02. 2025	APR 24. 2025	MAY 01. 2025
	01	02	03
Call Money	26810	39844	36773
Notice Money	9757	1780	9446
Triparty Repo	816698	806491	104871
Market Repo	769184	571711	709141
Repo in Corporate Bond	6641	27380	23852

KEY 10-YR YIELDS (%)

Paper	Yield (%)	LTP
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR IX 7.68 BD 10AG27 FVRS1LAC	7.3500	1389
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 26B 6.85 BD 19JN29 FVRS1LAC	7.5260	26822
POWER FINANCE CORPORATION LIMITED SR 259A 6.96 BD 02MR28 FVRS1LAC	7.3000	2267

Indian Market update:

Indian government bonds ended April close to levels seen at the end of the month prior after declining on Thursday, as crude oil prices and Treasury yields surged, though dovish central bank policy helped calm some nerves. The local currency hit a record low on Thursday after Brent crude topped $126 a barrel, a level last seen in March 2022 after Russia invaded Ukraine. Higher oil prices are a key inflationary and fiscal risk for net energy importer India.

Corporate borrowing costs are rising again after a brief dip in mid-April, driven by concerns over the West Asia conflict impacting oil prices. Recent state-backed bond issuances saw lower-thanplanned mobilizations, indicating increased caution among issuers and selective appetite in the debt market.

Industrial production in India rose by 4.1% from the previous year in March of 2026, slowing from the revised 5.1% expansion in February to reflect the slowest increase in five months, albeit beating expectations of a 3.7% expansion. Despite remaining robust, the pullback reflected some impact from the outbreak of war in the Middle East in the Indian goods production, hampered by the surge in energy prices and inflationary risks amid the pressure for the rupee.

Manufacturing Production in India increased 4.30 percent in March of 2026 over the same month in the previous year. Manufacturing Production in India averaged 5.70 percent from 2006 until 2026, reaching an all time high of 196 percent in April of 2021 and a record low of -66.60 percent in April of 2020.

UPCOMING AUCTIONS

12THMAY – RBI announced the SDL auction, in which 11 states will be raising aggregating to 11,450 crores.

13THMAY – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 12,000, 6000, & 6000 crores respectively.

INR – DOLLAR EXCHANGE

DATE	04 May	05 MAY	06 May	07 May	08 May
OPEN	94.9	95.3	95.0	94.6	94.2
HIGH	95.0	95.4	95.1	94.9	94.6
LOW	94.8	95.1	94.5	94.0	94.2
CLOSE	95.0	95.1	94.6	94.4	94.2

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.25	1389
USA	3.75	26822
UK	3.75	
CHINA	3.00	
EURO AREA	2.15	
JAPAN	0.75	2267

Key Events

DATE	Yield (%)
11- MAY	US Existing Home Sales, Mainland China Inflation
12- MAY	US Inflation, US Monthly Budget Statement, US S&P Global Investment Manager Index
13- MAY	Eurozone GDP, Eurozone Employment, Eurozone Industrial Production, South Korea Unemployment, Japan Current Account
14- MAY	US Import & Export Prices, UK GDP incl. Industrial Production, Construction and Services Output, India Wholesale Prices, UK RICS Housing Market Survey
15- MAY	US Industrial Production, Eurozone Reserve Assets, Germany Wholesale Prices, India Unemployment, Mainland China Current Account

Currency Movement:

The value of loans in India increased 16 percent in May of 2026 over the same month in the previous year. Loan Growth in India averaged 11.82 percent from 2012 until 2026, 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.

Foreign Exchange Reserves in India decreased to 690690 USD Million in May 1 from 698490 USD Million in the previous week. Foreign Exchange Reserves in India averaged 316734.15 USD Million from 1998 until 2026, reaching an all time high of 728490 USD Million in February of 2026 and a record low of 29048 USD Million in September of 1998.

Money Supply M3 in India increased to 322144.23 INR Billion in the week ending December 31 from 246833.33 INR Billion two weeks before. Money Supply M3 in India averaged 56948.34 INR Billion from 1951 until 2026, reaching an all time high of 299035.39 INR Billion in January of 2026 and a record low of 20.57 INR Billion in October of 1952.

Key updates and week ahead:

Inflation in Focus: Key inflation updates from the US, eurozone and China will guide policy expectations after US CPI rose to 3.3% in March, driven largely by higher energy prices, while core inflation remained above the Fed's target.

Price Pressures & Supply Constraints: PMI data suggest persistent inflation pressures, with manufacturing costs rising, supplier delivery delays increasing, and producer price data likely to show further pass-through of higher input costs.

Growth Outlook – Europe & China: UK and eurozone Q1 GDP are expected to show modest growth (~0.2–0.3%), though eurozone momentum weakened in April, complicating the ECB's hawkish stance. In China, inflation remains relatively contained, though price growth has accelerated to a multi-year high.