



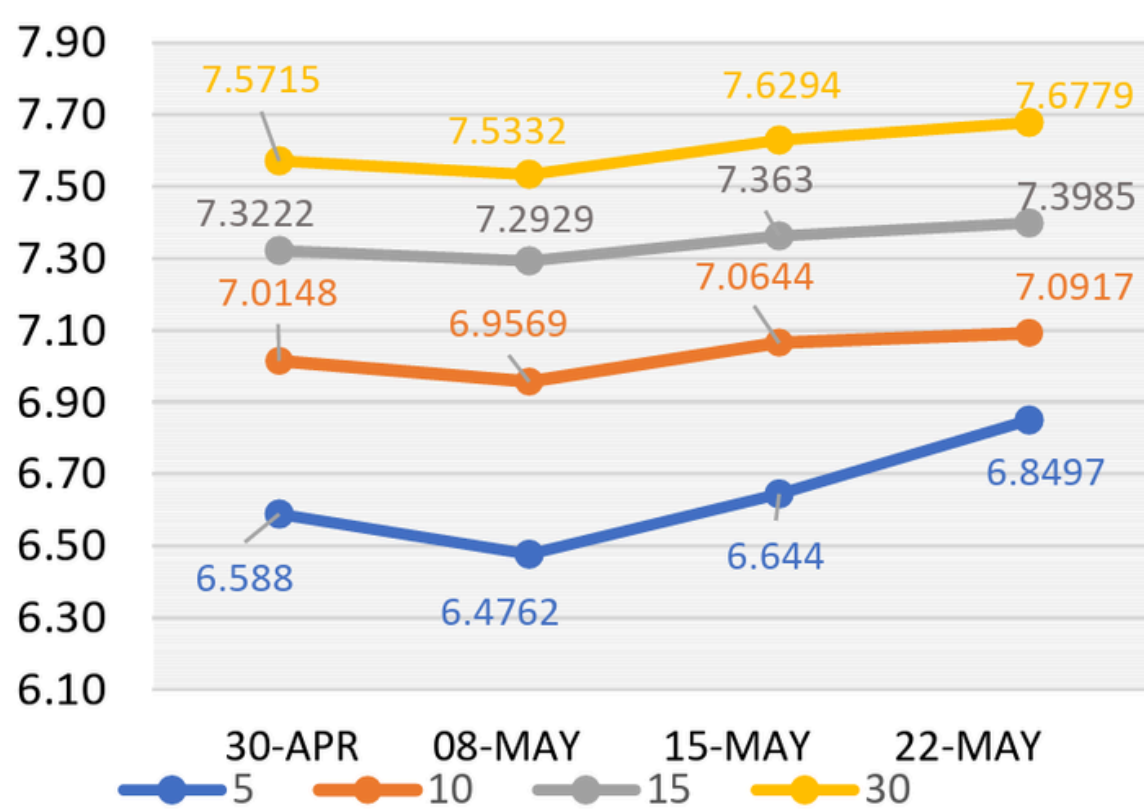
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 24th May, 2026

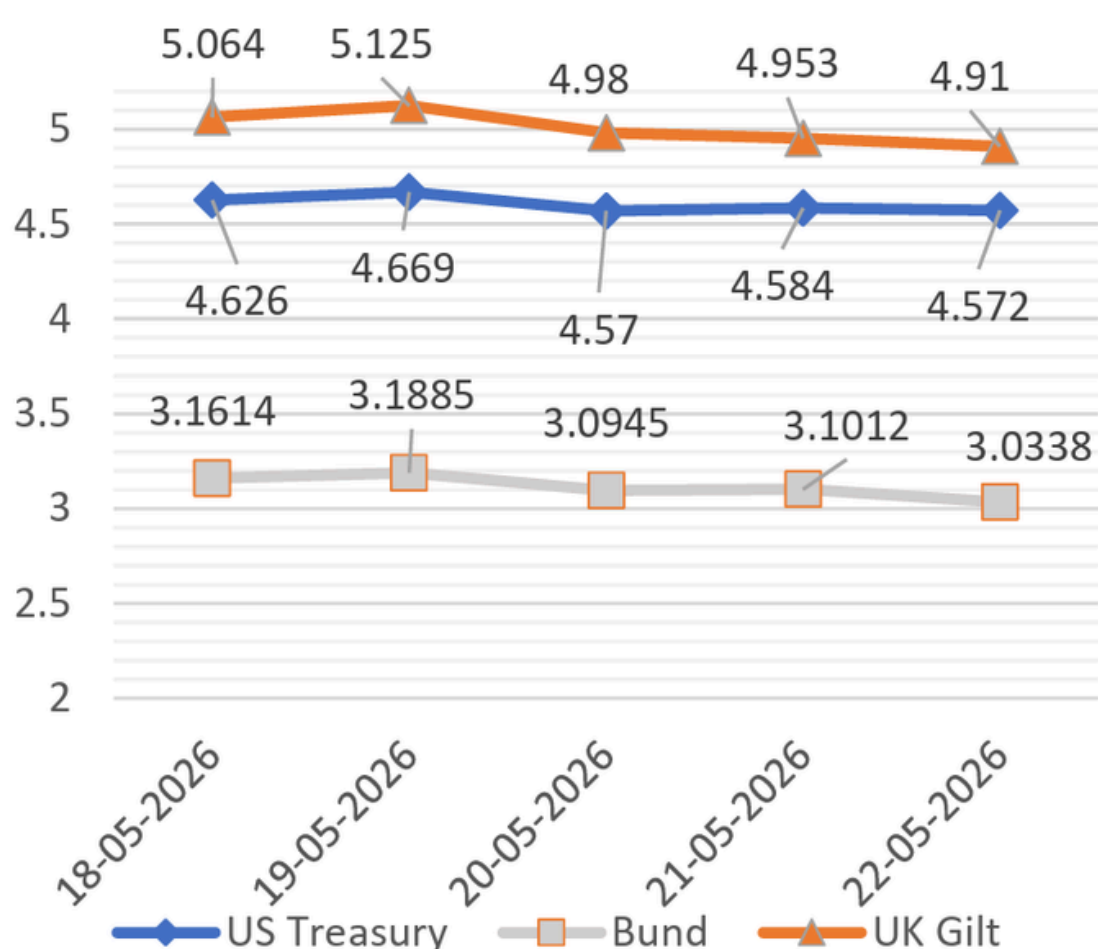
Market Overview

MARKETS	18 MAY	19 MAY	20 MAY	21 MAY	22 MAY
USD/INR	96.3	96.5	96.8	96.2	95.7
OIL	112.1	111.2	105.1	102.5	103.5
GOLD	4558	4511	4535	4542	4521
India 10 Y	7.1313	7.1101	7.0761	7.1134	7.0917
US 10 Y	4.623	4.669	4.57	4.584	4.557
NIFTY 50	23645	23606	23664	23648	23748
SENSEX	75333	75183	75330	75156	75509

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 7.0917 at 2.73 bps above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (2.73 bps above), 10Y UST (2 bps above), 10Y Bund (12 bps below), and 10Y UKT (25 bps below).

Continuing Jobless Claims in the United States increased to 1782 thousand in the week ending May 2 of 2026 from 1758 thousand in the previous week.

China's fixed-asset investment decreased by 1.6% year-on-year in the January–April 2026 period, against market expectations of a 1.6% increase and reversing a 1.7% rise in the first quarter.

The consumer prices in the UK rose 0.7% month-on-month in April 2026, the same pace as in March, and below market expectations of a 0.9% increase. Inflation Rate MoM in the United Kingdom averaged 0.24 percent from 1988 until 2026, reaching an all time high of 3.50 percent in April of 1991 and a record low of -1.00 percent in January of 2000.

Producer prices in Germany climbed 1.2% month-on-month in April 2026, easing from a 2.5% rise in March, which was the largest increase since August 2022 but still above the expected 1.0% gain. It marked the second straight monthly increase in producer prices, driven by higher energy costs (2.4%), with mineral oil prices rising 10.7% amid the Middle East conflict.

The S&P Global Eurozone Composite PMI fell to 47.5 in May of 2026 from 48.8 in the previous month, firmly below market expectations of 48.8 to reflect the sharpest pace of decline in private-sector activity since October of 2023.



SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 24th May, 2026

Liquidity Operation by RBI

DATE	VRR	MSF	SDF
MAY 11	-	171	203015
MAY 12	7190	81	244226
MAY 13	-	39	239023
MAY 14	-	37	233913
MAY 15	-	954	258313
MAY 16	-	1707	208717

AVERAGE DAILY TURNOVER

Item	Week Ended		
	MAY 16. 2025	MAY 08. 2026	MAY 15. 2026
	01	02	03
Call Money	27040	28399	25786
Notice Money	9267	2341	8006
Triparty Repo	761526	822711	1085123
Market Repo	784092	585416	720684
Repo in Corporate Bond	6781	26218	24072

KEY 10-YR YIELDS (%)

Paper	Yield (%)	LTP
POWER FINANCE CORPORATION LIMITED SR 248B 7.45 NCD 15JL28 FVRSILAC	7.8931	99.1350
REC LIMITED SR 231A 7.64 BD 30AP27 FVRSILAC	7.9400	99.7038
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 190 6.65 BD 20MY30 FVRSILAC	7.8140	96.094
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRSILAC	7.9500	98.964

Indian Market update:

India's bond yields have seen a one-way move in the last twelve months, with the benchmark 10Y gsec yield rising by almost 90 basis points (bps) since May 2025. None of the headline drivers would have predicted this. Over the last twelve months, the repo rate and the cash reserve ratio (CRR) saw a cumulative reduction of 75 bps and 100 bps, respectively.

Indian government bonds rallied in early trade on Friday, as expectations of a record central bank surplus transfer overshadowed rate-hike concerns. The Reserve Bank of India's surplus transfer, expected to be announced after market hours, is pegged at ₹2,90,000 crore to ₹3,20,000 crore (\$33.29 billion), according to a Reuters poll. A hefty dividend would help government finances at a time when they are likely to come under pressure from the Iran war-led energy shock, traders said. BMI, a Fitch company, said it is maintaining its forecast for the federal government's fiscal deficit at 4.5% of GDP, above the government's 4.3% target, while flagging increased upside risks.

India's HSBC Composite PMI stood at 58.1 in May 2026, little changed from a final 58.2 in the prior month, flash data showed.

Construction output in India increased 1.70 percent in April of 2026 over the same month in the previous year. Construction Output in India averaged 4.54 percent from 2005 until 2026, reaching an all time high of 62.60 percent in April of 2021.

UPCOMING AUCTIONS

26TH MAY – RBI announced the SDL auction, in which 8 states will be raising aggregating to 13,450 crores.

27TH MAY – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 12,000, 6000, & 6000 crores respectively.



SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 24th May, 2026

INR – DOLLAR EXCHANGE

DATE	18 MAY	19 MAY	20 May	21 May	22 May
OPEN	96.1	96.3	96.8	96.1	96.2
HIGH	96.3	96.6	96.9	96.1	96.2
LOW	96.1	96.2	96.7	96.0	95.6
CLOSE	96.3	96.5	96.8	96.2	95.7

INTEREST RATES

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

Key Events

DATE	Yield (%)
25- MAY	Singapore Inflation, Mexico Balance of Trade
26- MAY	US Money Supply, US Dallas Fed Manufacturing Survey, Singapore GDP, Spain PPI
27- MAY	China (Mainland) Industrial Profits, Australia Inflation, US Dallas Fed Survey
28- MAY	US Core PCE Price Index, US GDP, 2nd Est, Eurozone Economic Sentiment, India Industrial Production, US Durable Goods Orders. South Korea Interest Rate Decision
29- MAY	US Trade Balance, Brazil Unemployment Rate, France GDP, final. Canada GDP (Q1), Japan Unemployment, Japan Consumer Confidence

Currency Movement:

Foreign Exchange Reserves in India decreased to 688890 USD Million in May 15 from 696990 USD Million in the previous week. Foreign Exchange Reserves in India averaged 317256.30 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.

Indian rupee vs Pakistan rupee: The Indian rupee has experienced a significant decline, not only against the US dollar but also against the Pakistani rupee and Bangladeshi taka. This weakening is attributed to rising oil prices and global market uncertainty, impacting overseas expenses for Indians and potentially widening the balance of payments deficit. India's strong mutual fund SIP culture is helping foreign investors exit the equity market. This is putting pressure on the Indian Rupee. Jefferies reports that capital flows are low, not the current account deficit.

Foreign investors have sold equities worth billions. Domestic savings are now funding these outflows. The Rupee is undervalued, but a rebound is possible.

Key updates and week ahead:

Inflation in Focus: Markets will closely watch US core PCE inflation after CPI rose to 3.8%, with stronger price pressures increasing expectations that the Fed may keep rates higher for longer or even consider further hikes.

Growth vs Inflation Trade-off: Despite rising inflation, US PMI data point to only modest growth, while Europe faces a worsening slowdown alongside higher prices, highlighting growing stagflation risks for policymakers.

Global Policy & Data Watch: Inflation releases from the eurozone and Australia, along with US trade, durable goods and regional Fed surveys, will shape policy expectations, while Q1 GDP data across major economies will mainly reflect pre-war economic conditions.