



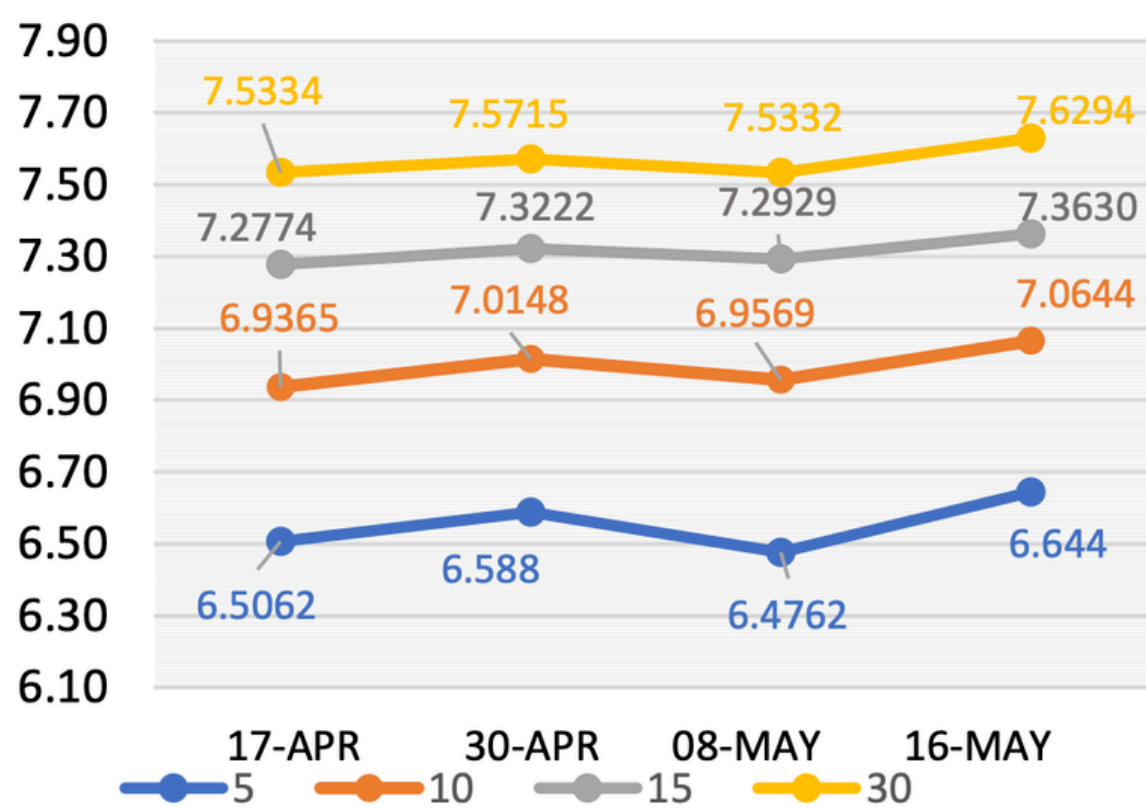
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 16th May, 2026

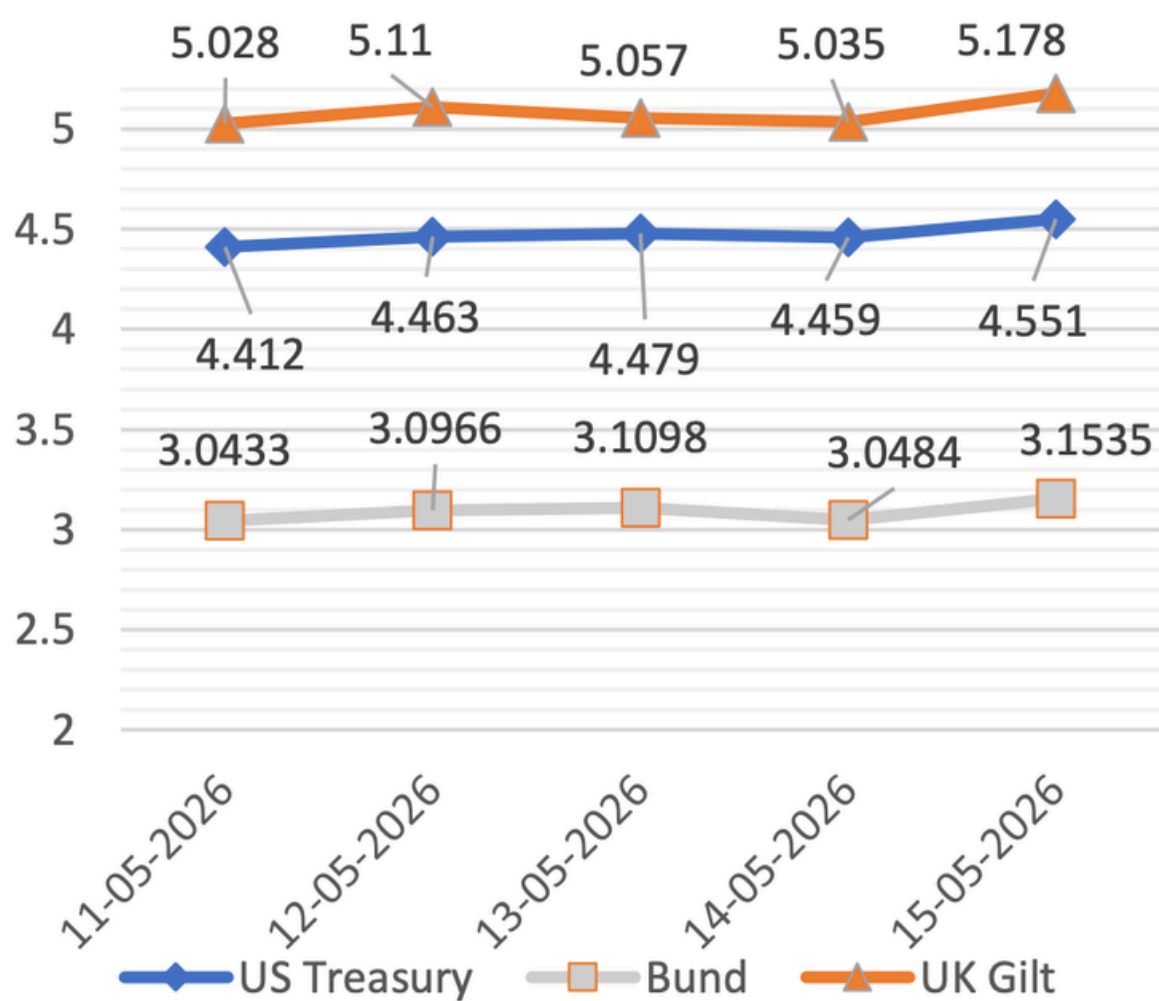
Market Overview

MARKETS	11 MAY	12 MAY	13 MAY	14 MAY	15 MAY
USD/INR	95.315	95.64	95.71	95.768	95.97
OIL	104.21	107.77	105.63	105.72	109.26
GOLD	4728	4686	4706	4685	4554
India 10 Y	7.0317	7.0458	7.0745	7.0203	7.0644
US 10 Y	4.412	4.463	4.479	4.459	4.551
NIFTY 50	23820	23429	23429	23713	23660
SENSEX	76036	74732	74668	75478	75292

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 7.0644 at 8.35 bps above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (8.35 bps above), 10Y UST (19 bps above), 10Y Bund (15 bps above), and 10Y UKT (27 bps above).

Bond Investments by Japanese abroad increased by 1640.70 billion yen in the week ending May 9 of 2026. Foreign Bond Investment in Japan averaged 163.79 JPY Billion from 2005 until 2026, reaching an all time high of 6790 JPY Billion in September of 2021 and a record low of -7827 JPY Billion in July of 2021.

The UK economy expanded by 1.1% yearover-year in Q1 2026, accelerating from 1.0% in the previous quarter and surpassing market expectations of 0.8%, according to preliminary estimates.

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.

The number of people claiming unemployment benefits in the US rose by 12,000 from the previous week to 211,000 on the first week of May, above market expectations of 205,000.

The Russian trade surplus widened to \$13.97 billion in March of 2026 from \$12.3 billion in the corresponding period of the previous year, the widest in two years.

Japan's 10-year government bond yield rose to around 2.55% on Tuesday, hitting its highest level since 1997 as markets increasingly priced in an imminent interest rate hike from the Bank of Japan.



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Liquidity Operation by RBI

DATE	VRR	MSF	SDF
MAY 04	-	2419	267748
MAY 05	-	289	289225
MAY 06	-	160	272659
MAY 07	10795	42	256644
MAY 08	-	348	234694
MAY 09	-	11	206862

AVERAGE DAILY TURNOVER

Item	Week Ended		
	MAY 09. 2025	MAY 01. 2026	MAY 08. 2026
	01	02	03
Call Money	28824	36773	28399
Notice Money	1669	9446	2341
Triparty Repo	658386	1024871	822711
Market Repo	687084	709141	585461
Repo in Corporate Bond	6372	23852	26218

KEY 10-YR YIELDS (%)

Paper	Yield (%)	LTP
BAJAJ FINANCE LIMITED 8% NCD 12MY31 FVRSILAC	7.9947	99.9800
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVRSILAC	7.7283	99.3638
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED SR 663 8.08 NCD 05JU29 FVRSILAC	8.0194	100.000

Indian Market update:

The unemployment rate in India inched higher to 5.2% in April of 2026 from 5.1% in the previous month, reflecting the highest ratio since October of the previous year. The slight deterioration in the labor market was aligned with macroeconomic headwinds in India in recent weeks. The surge in energy prices due to the halt of commercial vessel flows in the Persian Gulf weakened the rupee and dampened the purchasing power for household and businesses.

India's wholesale prices increased 8.30% year-on-year in April 2026, accelerating sharply from a 3.88% rise in March and surpassing expectations of 4.4%. This marked the fastest growth since October 2022, driven by a faster rise in manufacturing and food costs and a sharp increase in fuel prices due to the impact of the Middle East crisis.

Fixed income markets face complexity as global and domestic forces necessitate a defensive stance, particularly on duration. The RBI's ability to lower rates is constrained by external pressures, leading to a widening gap between policy and market yields. Bandhan AMC has shifted to an underweight duration position, reducing exposure to long-duration government securities.

The Consumer Price Index in India increased 0.27% month-over-month in April 2026, following a 0.26% rise in the previous month. Inflation Rate MoM in India averaged 0.47 percent from 2011 until 2026, reaching an all time high of 2.93 percent in July of 2023 and a record low of -1.55 percent in December of 2013.

UPCOMING AUCTIONS

19THMAY – RBI announced the SDL auction, in which 6 states will be raising aggregating to 20,100 crores.

20THMAY – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 12,000, 6000, & 6000 crores respectively.



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INR – DOLLAR EXCHANGE

DATE	11 MAY	12 MAY	13 May	14 May	15 May
OPEN	94.9	95.3	95.6	95.7	95.8
HIGH	95.3	95.7	95.8	95.9	96
LOW	94.8	95.3	95.5	95.6	95.5
CLOSE	95.3	95.6	95.7	95.7	95.7

INTEREST RATES

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

Key Events

DATE	Yield (%)
18- MAY	US NAHB housing index, UK S&P Global Consumer Sentiment Index
19- MAY	Eurozone trade balance, Japan GDP (Q1), Japan industrial production, tertiary activity, capacity utilisation, US pending home sales
20- MAY	UK inflation, Eurozone inflation, Mainland China loan prime rate
21- MAY	US S&P Global flash PMI, US building permits, housing starts, India HSBC flash PMI, Japan machinery orders, Eurozone S&P Global flash PMI incl. France and Germany
22- MAY	Japan inflation, Germany GDP (Q1), US University of Michigan consumer confidence, final, Singapore GDP (Q1)

Currency Movement:

The Indian Rupee recently plunged to an all-time low, crossing the historic 96-mark against the US Dollar. This steep depreciation making it one of Asia's worst-performing currencies, is primarily driven by surging global crude oil prices, persistent foreign capital outflows, and escalating geopolitical tensions in West Asia.

Foreign Exchange Reserves in India increased to 696990 USD Million in May 8 from 690690 USD Million in the previous week. Foreign Exchange Reserves in India averaged 316998.22 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.

The trade deficit in India widened to \$28.4 billion in April of 2026 from \$27.1 billion in the corresponding period of the previous year, the highest on record for the period and above estimates of a \$27 billion gap amid a surge in imports. Imports jumped by 10% annually to \$71.9 billion, the highest on record for the period, lifted by the surge in oil, fuel, and coal prices due to the war in the Middle East.

Key updates and week ahead:

PMIs Signal Rising Stagflation Risks: May flash PMIs will show how economies are coping with the prolonged Middle East conflict, with global growth remaining weak while inflation and supply-chain pressures continue to rise.

Stockpiling Distorting Growth: Strong factory output in economies like the US, Japan and eurozone has been boosted by precautionary inventory building, meaning current industrial strength may overstate underlying demand and could reverse once inventories normalize.

Key Data & Central Bank Watch: Markets will monitor UK labour, retail sales and inflation, eurozone inflation, and US industrial production and consumer sentiment, alongside China and Japan production data, for further clues on growth resilience and future central bank policy paths.