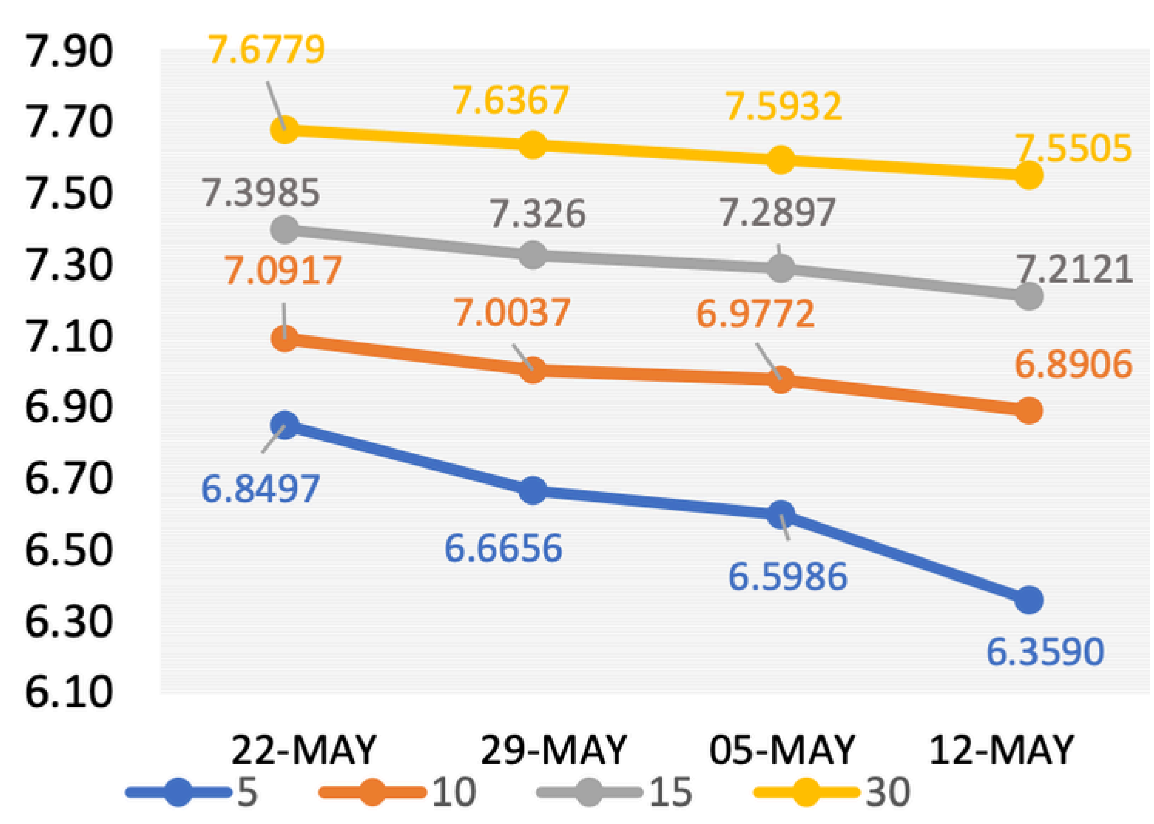
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 14th June, 2026

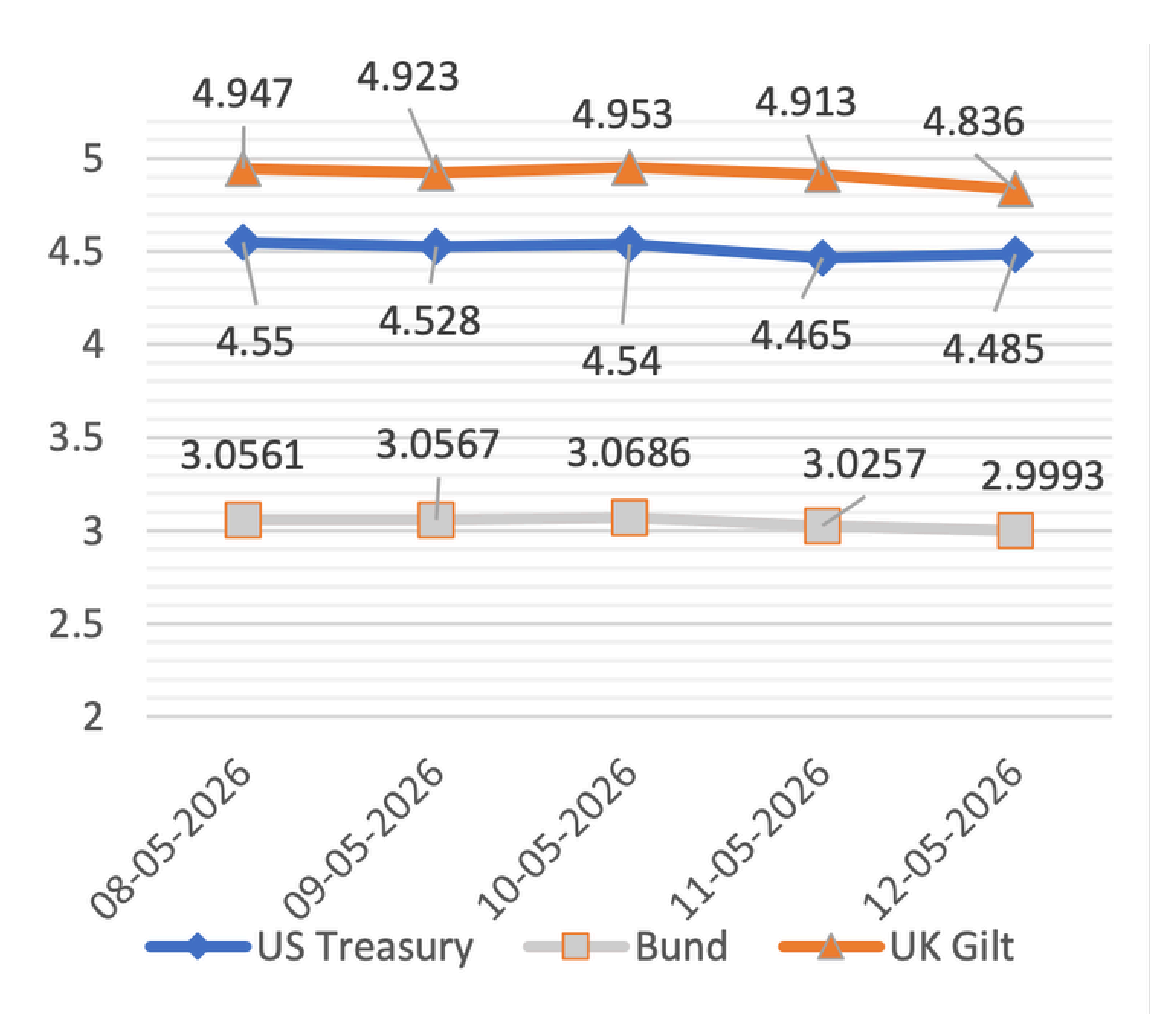
Market Overview

MARKETS	08 JUN	09 JUN	10 JUN	11 JUN	12 JUN
USD/INR	95.713	95.36	95.27	95.765	95.11
OIL	94.25	91.45	93.1	90.38	87.33
GOLD	4363	4286	4133	4114	4238
India 10 Y	6.9532	6.9082	6.9353	6.9174	6.8906
US 10 Y	4.55	4.528	4.54	4.465	4.485
NIFTY 50	23101	23258	23216	23185	23631
SENSEX	73479	73981	73987	73903	75526

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 6.8906 at 8.66 bps below the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (8.66 bps below), 10Y UST (5.1 bps below), 10Y Bund (3.83 bps below), and 10Y UKT (1 bps below).

The yield on UK 3 Year Bond Yield eased to 4.41% on June 11, 2026, marking a 0.02 percentage points decrease from the previous session. Over the past month, the yield has fallen by 0.17 points, though it remains 0.56 points higher than a year ago, according to over-the-counter interbank yield quotes for this government bond maturity.

Japanese investors bought a net of ¥197.5 billion of foreign bonds in the week ending June 6, 2026, after selling a downwardly revised net of ¥184.4 billion in the previous week. Foreign Bond Investment in Japan averaged 163.93 JPY Billion from 2005 until 2026, reaching an all-time high of 6790.00 JPY Billion in September of 2021 and a record low of -7827.00 JPY Billion in July of 2021.

The GDP in the UK contracted by 0.1% monthon-month in April 2026, in line with expectations and following a 0.3% expansion in March. This marked the first contraction since August last year, as the effects of the Middle East conflict began to ripple through the economy.

The yield on Japan 30 Year Bond Yield eased to 3.85% on June 10, 2026, marking a 0.02 percentage points decrease from the previous session. Over the past month, the yield has edged up by 0.09 points and is 0.93 points higher than a year ago, according to over-the-counter interbank yield quotes for this government bond maturity

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Liquidity Operation by RBI

DATE	VRR	MSF	SDF
JUNE 01	-	623	96543
JUNE 02	17445	356	140641
JUNE 03	11360	39	209993
JUNE 04	-	838	227762
JUNE 05	-	2600	197766
JUNE 06	-	604	154065

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JUNE 06. 2025	MAY 29. 2026	JUNE 05. 2026
	01	02	03
Call Money	23489	25448	26117
Notice Money	994	10739	8077
Triparty Repo	659923	1062787	855254
Market Repo	597129	723614	639829
Repo in Corporate Bond	5913	25728	27307

KEY 10-YR YIELDS (%)

Paper	Yield (%)	LTP
REC LIMITED SR 253 7.38 BD 28FB29 FVRS1LAC	7.3819	100.4579
VEDANTA LIMITED 8.95 NCD 16MR29 FVRS1LAC	8.7625	100.382
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR II 7.44 BD 04SP26 FVRS1LAC	7.1050	99.9849
TOYOTA FINANCIAL SERVICES INDIA LIMITED SR S40 8.15 LOA 07SP26 FVRS1LAC	7.4500	100.0526

Indian Market update:

The inflation rate in India rose to 3.9% in May of 2026 from 3.5% in the previous month, the highest since January of the previous year. Still, it was less than market expectations of 4%, remaining below the Reserve Bank of India's medium-point threshold of 4%. Food inflation, which is a major part of the Indian consumer basket, rose to 4.8% from 4.2% in April, also the highest in 16 months, as the war in the Middle East lifted energy and fertilizer prices that are essential in Indian food production.

Pacific Investment Management Co. warns the credit loss cycle is imminent, driven by heavy AI spending that could widen economic disparities and impact lower-quality borrowers. The firm anticipates a resurgence in defaults and significantly higher losses in leveraged and private direct lending, citing borrower strategies like maturity extensions and payment-in-kind structures.

Bond traders maintain expectations for a Federal Reserve interest rate hike by year-end, despite a softer US core inflation reading. This eased immediate pressure on the Fed to act sooner, allowing for a "wait and see" approach. The core CPI's 0.2% rise from April fell short of the 0.3% consensus forecast.

Short-term Indian government bond yields have dropped to their lowest in three months. This move steepens the yield curve significantly. Expectations are high that banks will invest funds from the RBI's dollar inflow measures into this segment.

UPCOMING AUCTIONS

16TH JUNE – RBI announced the SDL auction, in which 9 states will be raising aggregating to 21,600 crores.

17THJUNE – 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	08 JUN	09 JUN	10 JUN	11 JUN	12 JUN
OPEN	95.3	95.7	95.5	95.5	95.7
HIGH	95.7	95.7	95.5	95.7	95.7
LOW	95.1	95.2	95	95.5	94.9
CLOSE	95.7	95.3	95.2	95.7	95.1

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	2.40	2.15
JAPAN	0.75	0.50

Key Events

DATE	Yield (%)
08- JUNE	INDIA WPI INFLATION, GERMANY WHOLESALES PRICES, EA BALANCE OF TRADES, EA INDUSTRIAL PRODUCTION, US INDUSTRIAL PRODUCTION
09- JUNE	CHINA INDUSTRIAL PRODUCTION, INDIA BALANCE OF TRADES, US ADP EMPLOYMENT CHANGE
10- JUNE	JAPAN BALANCE OF TRAES, GB CORE INFLATION, EA CPI, US FED RATECUT DECISSION, RUSSSIA GDP GROWTH
11- JUNE	GB EMPLOYMENT RATE, BOE RATE CUT DECISSION, US INITIAL JOBLESS CLAIM
12- JUNE	US FOREIGN BOND INVESTMENT, JAPAN CORE INFLATION, INDIA MPC POLICY MINUTES,INDIA FOREX RESERVE, US NET INFLOWS

Currency Movement:

FIn a remarkable turn of events on Friday, the Indian rupee surged against the US dollar, largely due to a significant decrease in crude oil prices worldwide. Investor confidence was further lifted by President Trump’s remarks hinting at a potential resolution to the conflict with Iran. The currency settled at 95.

The Indian rupee experienced a robust uptick against the dollar on Friday, sparked by newfound optimism regarding peace talks between the U.S. and Iran. This positive development resulted in a sharp decrease in oil prices, alleviating some of the pressure on India’s import expenses.

Foreign Exchange Reserves in India decreased to 681610 USD Million in June 5 from 682320 USD Million in the previous week.

Key updates and week ahead:

Major Central Bank Meetings in Focus: The Fed, BoE, BoJ, RBA, and several other central banks are expected to keep rates unchanged, although markets will closely scrutinize policy guidance. The BoJ is widely expected to raise rates by 25 bps to 1.0%, while the Fed's communication will be watched for any indication of a potential rate hike later this year amid persistent inflation pressures.

Key Economic Data to Shape Growth and Inflation Outlook: Investors will focus on US retail sales, industrial production, housing data, UK inflation, labour market and retail sales, and China’s industrial production, retail sales, investment and housing data. Rising energy costs continue to drive inflation concerns, while growth indicators will provide insight into the economic impact of the Middle East conflict.

Regional Themes: In Europe, attention centers on the BoE decision, UK inflation and labour market trends, and Eurozone industrial production and trade. In Asia-Pacific, China's activity data will gauge economic resilience, India's WPI inflation is expected to accelerate, and policy decisions from Indonesia, Taiwan, and the Philippines will offer further clues on the regional monetary policy outlook.

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