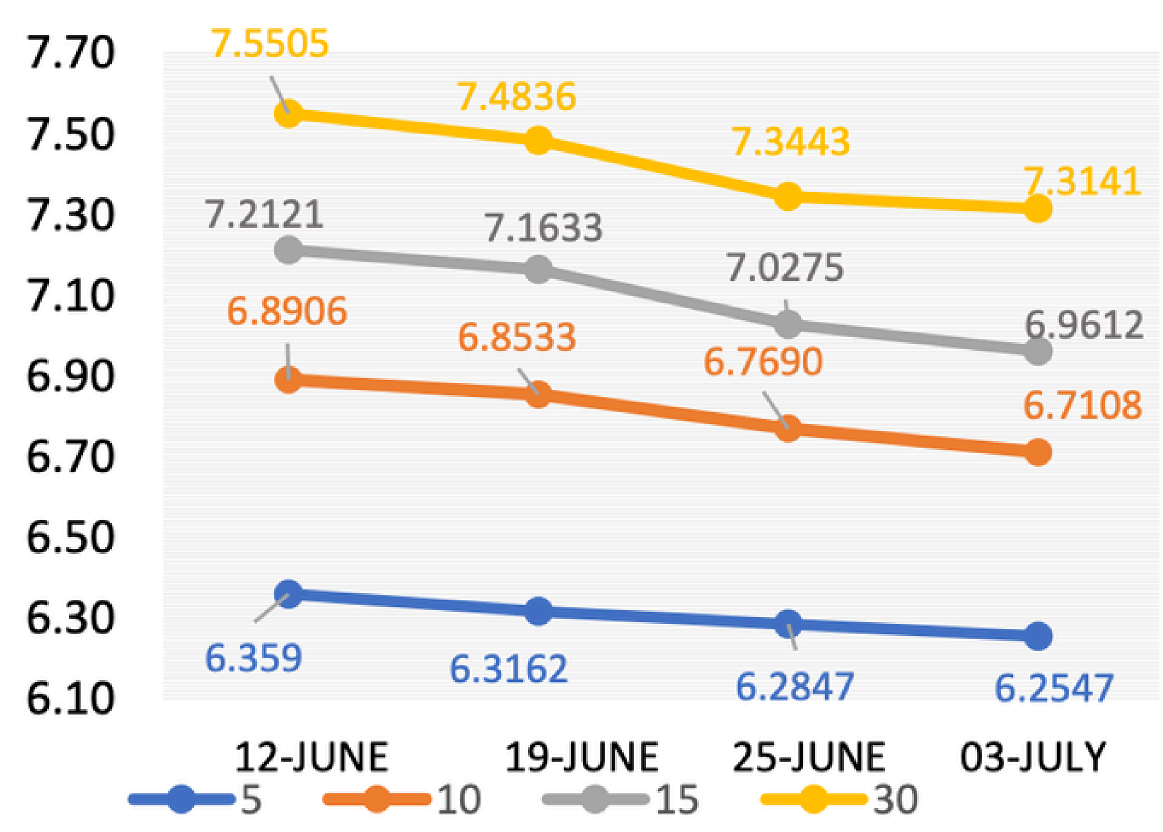
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 5th July 2026

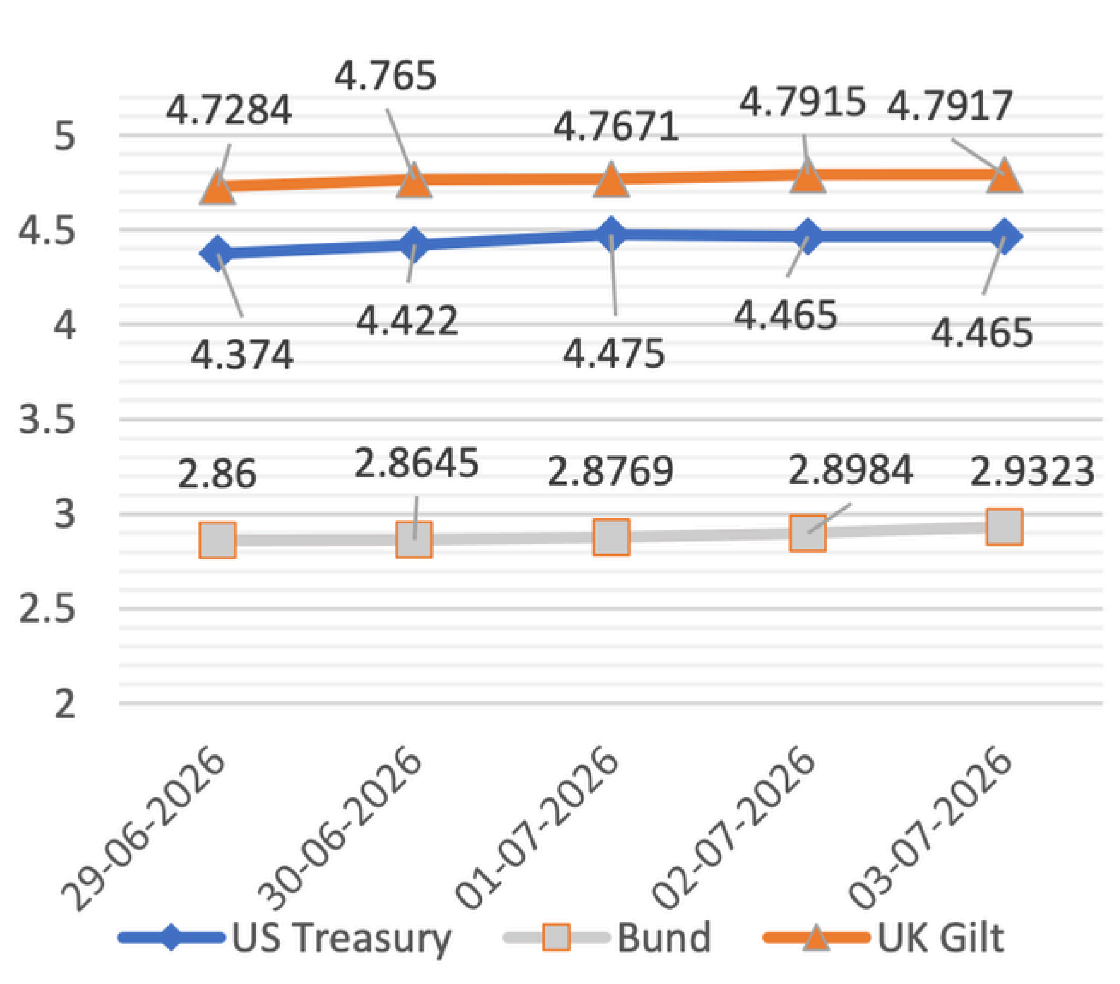
Market Overview

MARKETS	29 JUN	30 JUN	01 JULY	02 JULY	03 JULY
USD/INR	94.545	94.655	95.253	95.400	95.215
OIL	73.15	72.92	71.57	71.8	72.12
GOLD	4038	4038	4082	4125	4187
India 10 Y	6.7515	6.7501	6.7563	6.718	6.7108
US 10 Y	4.374	4.422	4.475	4.469	4.487
NIFTY 50	23977	23918	23987	24166	24271
SENSEX	76788	76647	76873	77452	77787

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark (6.94% GS 2036) yield The 10-year benchmark (6.94% GS 2036) yield concluded the week at 6.7108 at 5.82 bps below the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (5.82 bps below), 10Y UST (9 bps above), 10Y Bund (9 bps above), and 10Y UKT (6 bps above).

Central Bank Balance Sheet in the United States decreased to 6735645 USD Million in June 24 from 6736424 USD Million in the previous week. Central Bank Balance Sheet in the United States averaged 3972381.32 USD Million from 2002 until 2026, reaching an all time high of 8965487.00 USD Million in April of 2022 and a record low of 712809.00 USD Million in January of 2003.

The US economy added 57K jobs in June 2026, well below a downwardly revised 129K in May and forecasts of 110K. It is the lowest job gain in four months, following three consecutive months of stronger-thanexpected gains. However, it was roughly in line with the average monthly change over the prior 12 months (+36K).

The US unemployment rate dropped to 4.2% in June 2026, down from 4.3% in May and below expectations, as many people left the workforce. The number of unemployed fell by 213,000 to 7.09 million, while total employment declined by 507,000 to 162.26 million. The labor force contracted by 720,000 to 169.36 million, with the participation rate falling to 61.5%, its lowest since March 2021.

Japanese investors sold a net of ¥280.1 billion of foreign bonds in the week ending July 2, 2026, after a slightly downwardly revised net purchase of ¥202.1 billion in the previous week. This marked the first net sale in four weeks and the biggest in nine weeks.

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Liquidity Operation by RBI

DATE	VRR	MSF	SDF
JUNE 22	36300	2236	118739
JUNE 23	141171	1048	138150
JUNE 24	-	724	142338
JUNE 25	16800	467	129996
JUNE 26	-	269	124277
JUNE 27	-	414	123895

AVERAGE DAILY TURNOVER

Item	Week Ended		
	JUNE 27. 2025	JUNE 19. 2026	JUNE 26. 2026
	01	02	03
Call Money	28538	30836	32937
Notice Money	1297	8864	760
Triparty Repo	702250	992265	764952
Market Repo	632175	665129	583110
Repo in Corporate Bond	8409	27004	24301

KEY 10-YR YIELDS (%)

Paper	Yield (%)	LTP
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR IV 7.79 BD 19AP27 FVRS1LAC	7.3654	100.000
REC LIMITED SR 223B 7.46 BD 30JU28 FVRS1LAC	7.3050	100.464
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED SR AB2026 7.90 NCD 21FB28 FVRS1LAC	8.1180	100.0500
BAJAJ FINANCE LIMITED 8.12 NCD 10SP27 FVRS1LAC	8.1042	100.1500

Indian Market update:

ICICI Bank is planning its first benchmark US dollar bond sale since 2017, aiming to raise at least $500 million through offshore bonds. The proposed issuance comes after the RBI introduced a concessional foreign exchange swap facility, encouraging Indian lenders to tap overseas markets for funding.

Choosing the best Nifty-based index fund involves more than just a low expense ratio. Experts emphasize that tracking error, which measures how closely a fund mirrors its benchmark, is crucial for long-term returns. While low costs are attractive, consistent replication accuracy, indicated by low tracking error, often proves more vital for passive investors aiming to capture market performance effectively.

India's HSBC Composite PMI fell to 57.1 in June 2026 from May's 59.3, below the flash estimate of 57.4 and marking the lowest reading since March. The latest data pointed to softer expansions in both manufacturing and services activity. New orders grew at the weakest pace in three months, while employment increased at its slowest rate so far this year.

Shapoorji Pallonji Group is launching a ₹25,500- crore bond issue, leveraging its 18.37% stake in Tata Sons. The bond's repayment hinges on either Tata Sons going public via an IPO or a settlement with SP Group within 18 months. Recent central bank regulations classifying large entities like Tata Sons as upper-layer NBFCs significantly increase the likelihood of a listing, potentially aiding SP Group's asset monetization.

UPCOMING AUCTIONS

07TH JULY – RBI announced the SDL auction, in which 13 states will be raising aggregating to 21,350 crores.

08THJULY – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9,000, 8000, & 7000 crores respectively.

INR – DOLLAR EXCHANGE

DATE	29 JUN	30 JUN	01 JULY	02 JULY	03 JULY
OPEN	94.3	94.5	94.6	94.9	94.4
HIGH	94.5	94.7	94.2	94.4	94.4
LOW	94.2	94.5	94.6	94.9	94.1
CLOSE	94.5	94.6	94.2	94.4	94.2

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	1.00	0.75

Key Events

DATE	Yield (%)
29 - JUNE	BoJ JGB Purchase, EA PPI, IS ISM SEVICE EMPLOYMENT
30 - JUNE	JAPAN FOREX RESERVE, GERMANY INDUSTRIAL PRODUCTION, USA ADP EMPLOYEMNT CHANGE, GERMANY 5-YEAR BOND AUCTION, US BALANCE OF TRADE, CHINA FOREX RESERVE.
01 - JULY	US WHOLESALE INVENTORIES, US FOMC MINUTES, GERMANY 10-YEAR BOND AUCTION
02 - JULY	CHINA INFLATION RATE, JAPAN 30-YEAR BOND AUCTION, US ADP EMPLOYMENT CHANGE
03 - JULY	INDIA FOREX RESERVE, CANADA EMPLOYMENT CHANGE, GERMANY INFLATION RATE, JAPAN 3-MONTH AUCTION, JAPAN PPI, FRANCE INFLATION RATE

Currency Movement:

The Indian rupee closed modestly higher on Friday but logged a weekly fall as dollar demand related to merchant flows, arbitrage trades and maturities in the non-deliverable forward market outweighed comfort from a broadly weaker U.S. dollar. The rupee declined nearly 1% on the week to close at 95.21 per dollar, slipping past the 95 per dollar level for the first time in three weeks.

India recorded a government budget deficit of 362303 INR Tens of Million in April of 2026. Government Budget Value in India averaged - 343731.95 INR Tens of Million from 1997 until 2026, reaching an all time high of -9406 INR Tens of Million in April of 1997 and a record low of -1821461 INR Tens of Million in March of 2021.

Foreign Exchange Reserves in India decreased to 666930 USD Million in June 26 from 672590 USD Million in the previous week. Foreign Exchange Reserves in India averaged 318744.15 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.

Key updates and week ahead:

Fed Outlook & US Data in Focus: Markets will watch the Fed's June meeting minutes for clues on future rate hikes, alongside ISM Services PMI, trade data, and housing indicators, as investors assess the balance between easing inflation and a cooling labour market.

Europe – ECB Signals & Economic Activity: Attention will centre on the ECB's June meeting accounts, while Eurozone retail sales and German industrial production and factory orders will provide fresh insights into the region's economic momentum following the ECB's recent rate hike.

Asia-Pacific – Inflation & Central Banks: Key releases include China's CPI/PPI, Japan's producer inflation and household spending, and Australia's inflation gauge, while markets will closely watch the RBNZ, which is expected to raise rates by 25 bps, and Bank Negara Malaysia's policy decision.