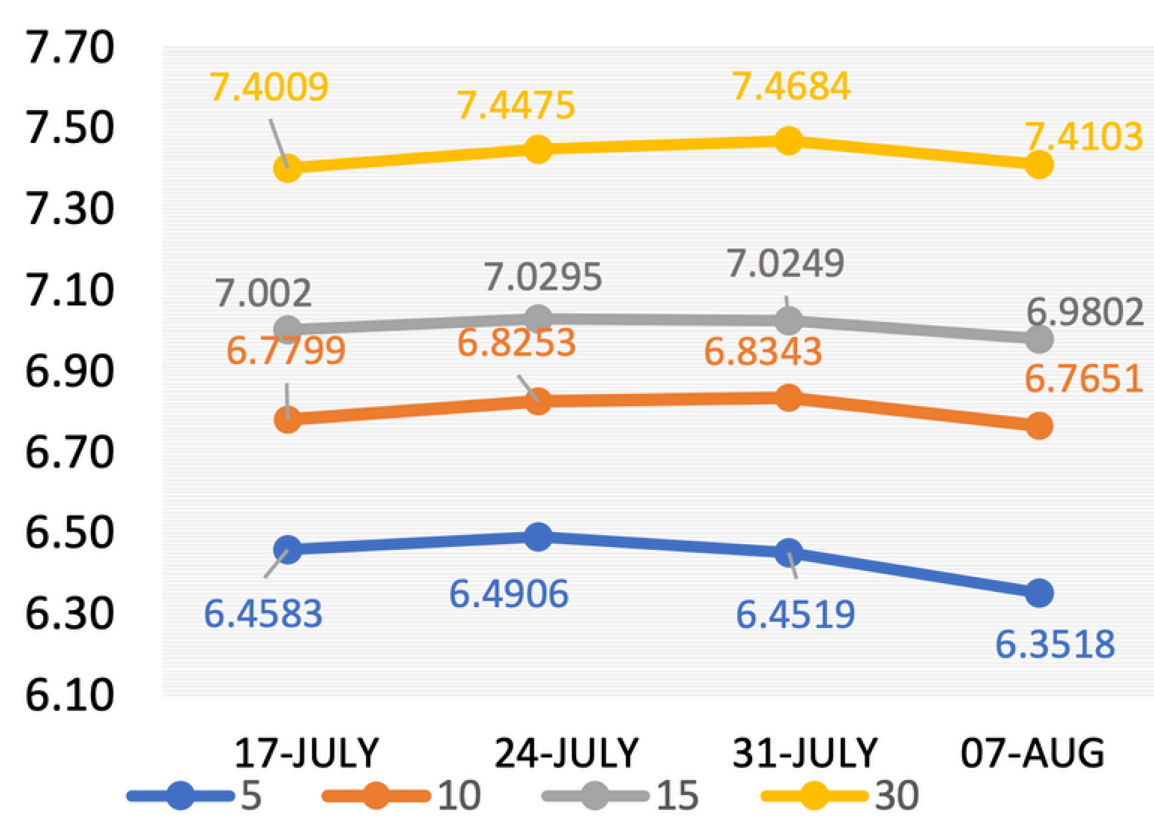
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 9TH August July 2026

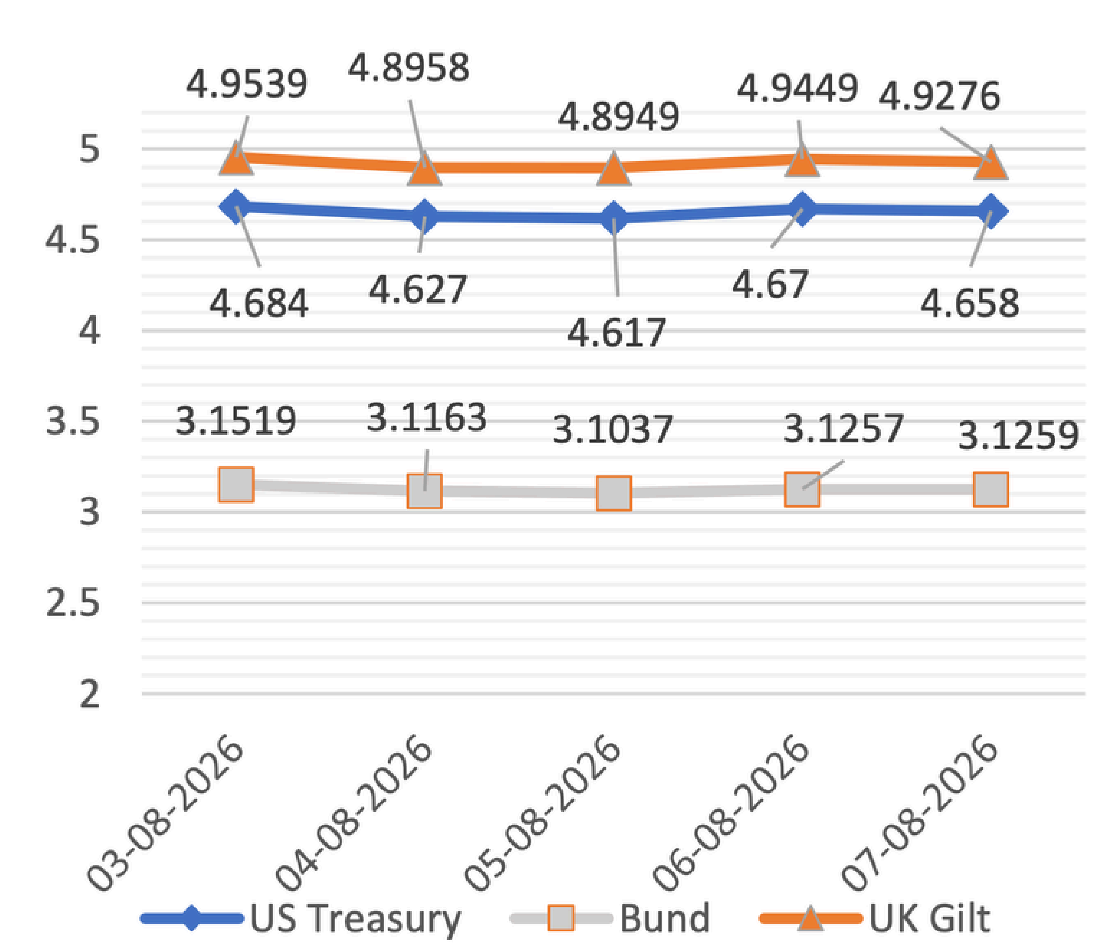
Market Overview

MARKETS	03 AUG	04 AUG	05 AUG	05 AUG	06 AUG
USD/INR	95.34	95.383	95.12	95.160	95.21
OIL	83.77	79.36	79.45	82.49	83.55
GOLD	4090	4152	4305	4299	4381
India 10 Y	6.8343	6.8152	6.7722	6.7666	6.7651
US 10 Y	4.684	4.627	4.617	4.67	4.658
NIFTY 50	24774	24614	24624	24636	24570
SENSEX	78639	78428	78581	78954	78499

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark (6.94% GS 2036) yield concluded the week at 6.7651 at 6.92 bps below the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (6.92 bps below), 10Y UST (8.7 bps below), 10Y Bund (7.7 bps below), and 10Y UKT (12.84 bps above).

The US economy unexpectedly shed 23K jobs in July 2026, following a downwardly revised 20K gain in June and compared to forecasts of an 80K increase. Employment declined in local government education and retail trade. Employment continued to trend up in health care.

Official foreign exchange reserves kept by the People's Bank of China rose to an equivalent of $3.419 trillion in July of 2026 from $3.416 trillion in the previous month, aligned with market expectations and remaining relatively close to the record high of $3.442 trillion two weeks prior.

China’s trade surplus widened to USD 112.5 billion in July 2026, up from USD 97.70 billion a year earlier and exceeding forecasts of USD 107 billion, as exports grew more than expected. Exports jumped 23.9% yoy to USD 397.85 billion, driven by strong demand for AIrelated technology products and a rush by manufacturers to ship goods to the US ahead of potential new tariffs.

Government Payrolls in the United States decreased by 53 thousand in July of 2026. Government Payrolls in the United States averaged 18.39 Thousand from 1939 until 2026, reaching an all time high of 486 Thousand in August of 2020 and a record low of -918 Thousand in April of 2020.

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Liquidity Operation by RBI

DATE	VRR	MSF	SDF
JULY 27	12720	2738	128685
JULY 28	-	92	132746
JULY 29	50020	95	192111
JULY 30	-	609	143691
AUG 01	-	604	246516
AUG 02	-	272	202941

AVERAGE DAILY TURNOVER

Item	Week Ended		
	AUG 01. 2025	JULY 24. 2026	JULY 31. 2026
	01	02	03
Call Money	28874	28494	26827
Notice Money	9153	1302	7408
Triparty Repo	802721	787371	962549
Market Repo	738403	600969	746074
Repo in Corporate Bond	10605	26608	26734

KEY 10-YR YIELDS (%)

Paper	Yield (%)	LTP
BAJAJ HOUSING FINANCE LIMITED 7.87 NCD 04AG36 FVRS1LAC	7.8631	100.000
JIO CREDIT LIMITED SR VIII 8.05 NCD 31JL31 FVRS1LAC	8.0563	99.853
INDIAN OIL CORPORATION LIMITED SR XXVI 7.36 NCD 16JL29 FVRS1LAC	7.000	100.8920
ULTRATECH CEMENT LIMITED SR I 7.34 NCD 03MR28 FVRS1LAC	7.1095	100.2505

Indian Market update:

The Reserve Bank of India (RBI) left its key repo rate unchanged at 5.25% for the fourth consecutive meeting in September and maintained a neutral stance amid a weakening rupee. The decision was in line with expectations, as the Middle East conflict and global uncertainty threatened GDP growth and fuelled inflationary pressures. The annual inflation rate surged to 4.38% in June 2026, marking the highest level since December 2024 and rising above the RBI's 4% target for the first time in 17 months, though it remained within the central bank's 2%–6% tolerance band.

On the economic outlook, the RBI raised its GDP growth forecast for FY2026/27 to 6.7% from its previous estimate of 6.6%. Meanwhile, inflation is projected to average 5.0%, down from the previous estimate of 5.1%. Inflation is forecast at 4.7% in Q2, 5.9% in Q3, and 5.5% in Q4. Meanwhile, core inflation is projected to average 4.3%, down from 4.7%. The central bank also held the SDF rate at 5.0% and the MSF rate at 5.50%.

India’s HSBC Composite PMI was confirmed at 54.3 in July 2026, matching the flash estimate and marking its lowest level since March 2022.

Foreign investors are reducing positions in Indian debt after a key index inclusion was delayed. Inflows into Indian debt have significantly slowed down over the past two weeks. US treasury yields have become more attractive, influencing investor decisions and market sentiment.

UPCOMING AUCTIONS

11THAUGUST – RBI announced the SDLauction, in which06 states will be raising aggregating to 15,300 crores.

12THAUGUST – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9,000, 8000, & 7000 crores, respectively.

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INR – DOLLAR EXCHANGE

DATE	03 AUG	04 AUG	05 AUG	06 AUG	07 AUG
OPEN	96.1	95.3	94.9	95.1	95.2
HIGH	95.3	95.3	95.2	95.2	95.3
LOW	95.1	95.2	94.9	95.1	95.2
CLOSE	95.3	95.3	95.1	95.1	95.2

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 (%)
10- AUG	BOJ CURRENT ACCOUNTS, CHINA CPI, CHINA PPI
11- AUG	RBA INTEREST RATE DECISION, US ADP EMPLOYMENT CHANGE, BRAZIL INFLATION RATE
12- AUG	INDIA INFLATION RATE, US CPI, RUSSIA INFLATION RATE, US MONTHLY BUDGET STATEMENT, KOREA UNEMPLOYMENT RATE, RUSSIA GDP GROWTH RATE, US EIA CRUDE OIL EXCHANGE, KOREA UNEMPLOYMENT RATE
13- AUG	GB GDP, GB INDUSTRIAL PRODUCTION, US PPI, US CPI, US INITIAL JOBLESS CLAIM
14- AUG	GERMANY WHOLESALE PRICES, CHINA CURRENT ACCOUNTS, EA BALANCE OF TRADES, EA EMPLOYMENT CHANGE, US RETAIL SALES, US BUISNESS INVENTORIES

Currency Movement:

Foreign investment in Indian government bonds is projected to stay subdued as global yields alongside domestic interest rates reduce investor attraction. The postponement of India's inclusion in global bond indices further curbs foreign portfolio investments. The Reserve Bank of India is anticipated to keep interest rates steady for a considerable duration, with heightened global yields providing minimal support to local interest rates.

The Reserve Bank of India's deposit scheme has attracted significant foreign currency inflows. This scheme is expected to mobilize up to one hundred billion dollars by its closing date. These inflows are helping to stabilize the Indian rupee after a period of weakness. Additionally, tax-free government bonds are attracting foreign investment and improving capital flows.

Foreign Exchange Reserves in India increased to 692870 USD Million in July 31 from 682350 USD Million in the previous week. Foreign Exchange Reserves in India averaged 319988.70 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:

Americas: US inflation and retail sales dominate, with CPI expected to ease to 3.4% and core CPI to 2.5%, while retail sales are forecast at +0.2%. Consumer sentiment and housing data will also be watched.

Europe: UK Q2 GDP is expected at 0.4% QoQ, slowing from 0.6%, with June GDP forecast to contract 0.1%. Eurozone industrial production is expected to rebound, while inflation, GDP and central-bank decisions remain key.

Asia-Pacific: China’s inflation is expected to ease to 0.8%, while India’s CPI and WPI are forecast to rise to 4.54% and 10.25%. Japan’s BOJ policy outlook and Australia’s rate decision will also be closely monitored.

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