

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	85.927	+0.38
BRENT OIL	63.78	-1.66
GOLD	3310.59	-0.33
India 10 YR	6.2339	+0.54
US 10 YR	4.618	+0.55
NIFTY 50	24609.70	-0.82
SENSEX	80951.99	-0.79

G-SEC / BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364 DTB	5.6600	5.7400
G-SEC 2028	5.7866	5.7599
G-SEC 2033	6.2082	6.2240
G-SEC 2037	6.4015	6.3718
G-SEC 2053	6.8054	6.7855
SDL 2027	6.0249	6.0625
SDL 2033	6.5402	6.5830

ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 190 6.65 BD 20MY30 FVRS1LAC	6.6530	99.8000
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 G 9.35 NCD 30DC33 FVRS1LAC	9.0647	103.2600
POWER FINANCE CORPORATION LIMITED SR 248B 7.45 NCD 15JL28 FVRS1LAC	6.5900	102.3650
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 F 9.35 NCD 31DC32 FVRS1LAC	9.0452	103.0820
REC LIMITED SR 245A 7.44 BD 29FB28 FVRS1LAC	6.5600	102.1260
NATIONAL HIGHWAYS AUTHORITY OF INDIA SR IV 7.49 BD 01AG29 FVRS10LAC	6.5000	103.4816
HDFC BANK LIMITED SR Z001 6 NCD 29MY26 FVRS10LAC	6.8255	99.2161
NATIONAL HIGHWAYS AUTHORITY OF INDIA SERIES IV 8.37 BD 21JN29 FVRS10LAC	6.5000	105.8539
SBM BANK (INDIA) LIMITED SR I 9.75 BD 05AP32 FVRS1CR	6.8537	101.8050

OVERNIGHT INDEXED SWAP

OIS (1 YEAR)		OIS (2 YEAR)		OIS (5 YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
5.5700	5.5750	5.4700	5.4750	5.6525	5.6700

BOND MARKET

The 10-year benchmark (6.33% GSec 2035) recorded a close of 6.2339%, ending at 3.37 bps higher than the close of the previous day's trading session. Yields traded in the range of 6.1946 to 6.2339 during the day.

DOMESTIC BROADCAST

The India-U.S. 10-year bond yield spread narrowed to a 20-year low of 164 bps, as U.S. yields surged on deficit concerns and weak demand at a 20-year Treasury auction. The U.S. 10-year yield rose to 4.59%, while India's fell to 6.25% amid strong fiscal metrics and expectations of an RBI rate cut in June. The narrowing spread may trigger foreign investor outflows from Indian bonds, as reduced yield differentials lower adjusted returns. SEBI's recent proposal to ease FPI compliance aims to counteract this risk.

Money market operations on May 21, 2025: Overnight segment totaled ₹588274.67 crores at a 5.77% weighted average rate. The segment's significant operations included triparty repo at ₹3210.00 crore and 5.85%. RBI's net liquidity absorption stood at ₹131690.44 crore.

GLOBAL BROADCAST

Foreign demand for U.S. corporate debt is weakening and likely to continue declining due to market volatility stemming from President Trump's tariffs, according to Citi analysts. In March, overseas investors bought \$18.3 billion in U.S. corporate bonds—well below the \$60 billion from a year earlier. As foreign interest falls, domestic investors are absorbing more of the supply. Only 24% of Q1's \$206 billion net supply went to foreign buyers, down from 47% in 2024 and 64% in 2023. Citi warns that outflows, especially from Taiwanese bond ETFs, signal further softness ahead. This trend adds to concerns around the "Sell America" sentiment, especially after Moody's downgraded U.S. government debt amid fears of rising national debt and fiscal policy risks. Treasury yields have risen sharply, highlighting investor unease.

The U.K. economy slightly rebounded in May, with the composite PMI rising to 49.4, signaling slower GDP growth. Services PMI edged up to 50.2, while manufacturing fell to 44.8 due to U.S. tariffs. Easing price pressures suggest April's inflation spike was temporary. Capital Economics expects gradual BoE rate cuts from 4.25% to 3.50% in 2025.

SPREAD ANALYSIS

The India 10 Years vs the United States 10 Years Government Bond spread value is 161.59 bps, 6 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.

2 Years vs 1 Years bond spread is 3 bp
 5 Years vs 2 Years bond spread is 18 bp.
 10 Years vs 2 Years bond spread is 47 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended higher compared to the previous day. The yield is projected to fluctuate between 6.20% and 6.30%.