WEEKLY REPORT

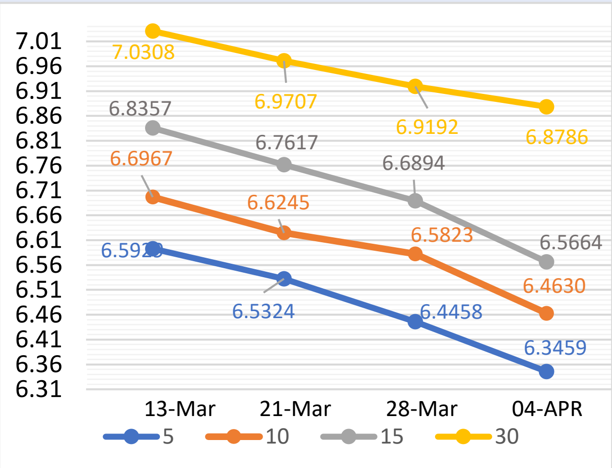
INDIAN DEBT MARKET

5TH APRIL 2025

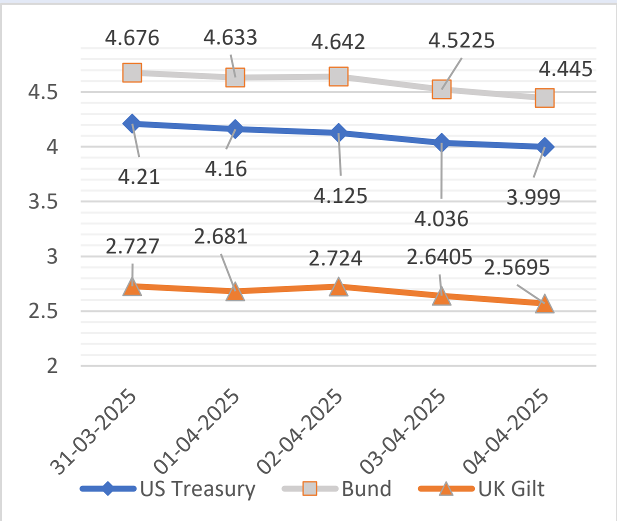
MARKET OVERVIEW

	31 MAR	1 APR	2 APR	3 APR	4 APR
USD/INR	85.45	85.57	85.45	85.24	85.50
OIL	74.74	74.49	74.95	70.14	65.58
GOLD	3150.30	3146.00	3166.20	3121.70	3035.40
India 10 Y	-	-	6.4806	6.4971	6.4630
US 10 Y	4.210	4.160	4.125	4.036	3.999
NIFTY 50	-	23179	23330	23242	22915
SENSEX	-	76107	76612	76265	75408

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark yield concluded the week at 6.6430 at 6.07 bps lower the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (4.22 bps below), 10Y UST (36.2 bps below), 10Y Bund (20.55 bps below), and 10Y UKT (35.1 bps below).

JPMorgan raised the global recession risk to 60% for 2025, warning that the sweeping U.S. tariff hike—amounting to a $700 billion tax increase—could trigger a downturn due to trade retaliation, supply chain disruptions, and weakened sentiment.

U.S. job growth beat expectations in March with 228,000 new jobs, but a downward revision to February's figure and a rise in unemployment to 4.2% highlight labor market uncertainty, as the Fed weighs rate cuts amid tariff-driven risks and recession fears.

Standard Chartered raised China's 2025 growth forecast to 4.8% from 4.5%, citing stronger-than-expected early-year activity, while Q1 GDP likely eased to 5.2% from 5.4% in Q4 2024.

The Association of German Banks lowered Germany's 2024 growth forecast to 0.2% from 0.7%, citing a slow recovery, with a stronger rebound expected in 2026 at 1.4%, driven by fiscal measures and potential policy reforms.

The euro zone economy saw modest growth in March, with manufacturing showing signs of recovery and services expanding slightly. However, some of this growth may be due to factories rushing orders ahead of U.S. tariffs. Services inflation eased, and the ECB is expected to cut rates again on April 17.

Liquidity Operation

Date	VRR	MSF	SDF
Mar 24	66215	279	111728
Mar 25	95653	389	177285
Mar 26	35486	1364	188546
Mar 27	21392	1114	201622
Mar 28	88424	7840	279056
Mar 29	-	11653	357727

MONEY MARKET SNAPSHOT

Item	Week Ended		
	MAR 29. 2024	MAR 21. 2025	MAR 28. 2025
	1	2	3
Call Money	18683	30499	27595
Notice Money	6594	1713	6082
Triparty Repo	634402	644998	818746
Market Repo	661720	579795	671533
Repo in Corporate Bond	2612	8851	6386

Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	7.1057	101.1201
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 188 7.17 BD 27AP35 FVRS1LAC	7.1781	100.000
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 24A 7.5 BD 31AU26 FVRS1LAC	7.1520	100.3523
SAMMAAN CAPITAL LIMITED 9.75 NCD 12AP28 FVRS1LAC	9.9900	99.3561

Indian Market update:

The HSBC India Composite PMI rose to 59.5 in March 2025, surpassing the flash estimate of 58.6 and improving from 58.8 in the previous month. This marked the highest level since August, with factory activity growing the most in 20 months and the service economy extending its robust expansion. For both new business and output, expansion rates were stronger in the manufacturing sector, which experienced a notable pick-up in growth

India is assessing the impact of the U.S.'s 27% tariff on its exports while pursuing a trade deal, with sectors like electronics and gems affected but pharmaceuticals exempted. Despite trade tensions, India sees a competitive advantage due to relatively lower tariffs compared to China and Vietnam, while discussions with the U.S. continue to mitigate trade impacts.

Indian bond yields fell sharply after the RBI announced ₹80,000 crore bond purchases in April, pushing the 10-year yield down 10 bps to 6.49%. The move signals a dovish stance ahead of the April 9 policy meeting, reinforcing expectations of an accommodative shift. Additionally, softer U.S. Treasury yields, and global recession concerns are supporting the rally in Indian bonds.

India's foreign exchange reserves reached $665.4 billion as of March 28, marking the highest level in nearly five months, according to RBI data. The reserves saw a $6.6 billion rise in the latest week. During this period, the rupee appreciated by 0.6% against the dollar, supported by renewed foreign investment.

In the SDL auction conducted on 3RD April, 6 states raised an aggregate amount of ₹ 11,800 Cr.

Upcoming auction schedule:

- **8Th April –** RBI announced the SDL auction, in which 3 states will be raising aggregating to 3500 crores.

- **9th April –** RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9000, 5000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	31 MAR	1 APR	2 APR	3 APR	4 APR
OPEN	85.4	85.4	85.6	85.8	85.2
HIGH	85.5	85.6	85.7	85.8	85.6
LOW	85.4	85.4	85.4	85.2	84.9
CLOSE	85.4	85.5	85.4	85.2	85.5

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	6.25	6.5
USA	4.50	4.75
UK	4.5	4.75
CHINA	3.35	3.35
EURO AREA	2.65	2.9
JAPAN	0.50	0.25

WEEK AHEAD KEY EVENTS

DATE	EVENTS
7-Apr	Australia Westpac Consumer Confidence, United Kingdom Halifax House Price Index, Eurozone Retail Sales
8-Apr	Japan Current Account, Indonesia Inflation, S&P Global Investment Manager Index
9-Apr	New Zealand RBNZ Interest Rate decision, India RBI Interest Rate Decision, United States FOMC Meeting Minutes, Mexico Inflation
10-Apr	Global GEP Supply Chain Volatility Index, United States Monthly Budget Statement, China (Mainland) Inflation
11-Apr	United States PPI, United States UoM Sentiment, India Inflation, Germany Inflation,

Currency Movement:

The rupee ended 7 paise higher on April 3 at 85.44 against the dollar, recovering from intraday losses even as other Asian currencies weakened following the U.S. announcement of reciprocal tariffs amid a declining dollar. The previous session had seen the rupee close at 85.51. According to Dilip Parmar, senior research analyst at HDFC Securities, the Indian rupee strengthened after a sluggish start, primarily due to the weakening of the U.S. dollar against major global currencies. Concerns about a potential recession in the U.S., along with rising inflation from the impact of tariffs, added downward pressure on the dollar.

The dollar index, which tracks the value of the greenback against six major global peers, fell sharply to 101.533 from the previous day's 103.807—its lowest level since October 1, when it hit 101.194.

The RBI's Monetary Policy Committee (MPC) is expected to cut the repo rate by 25 bps on April 9, following February's rate cut, as lower CPI inflation allows a shift toward supporting growth amid global uncertainties. Experts also highlight liquidity management as a key focus, with recent easing in the deficit helping money market rates.

Key updates and week ahead:

This week, markets await the FOMC meeting minutes and key U.S. data, including CPI and consumer sentiment. While March inflation is expected to stay subdued, recent PMI data hints at potential price pressures ahead and weakening business confidence.

February UK GDP data is due Friday, with earlier PMIs showing stalled growth from manufacturing weakness, though March PMIs suggest a rebound. Eurozone focus includes Germany and Italy's industrial data, and Germany's final inflation print.

Central bank meetings in New Zealand and India unfold in the coming week while key data releases in the APAC region will be mainland China's inflation and trade numbers. Factory gate inflation figures will be watched after the Caixin China General Manufacturing PMI showed a fourth consecutive monthly reduction in average selling prices among goods producers, in addition to March trade data.