

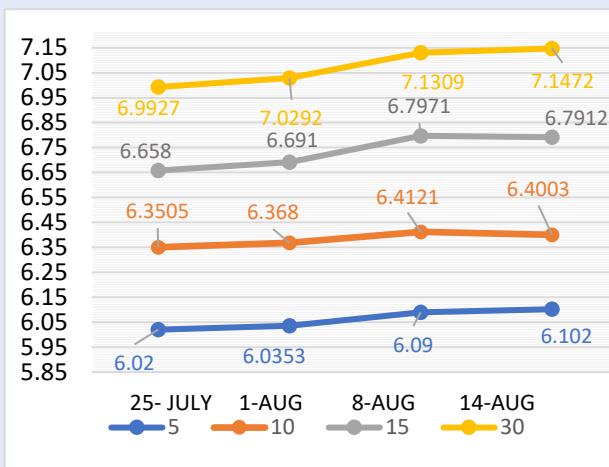


16TH AUGUST 2025

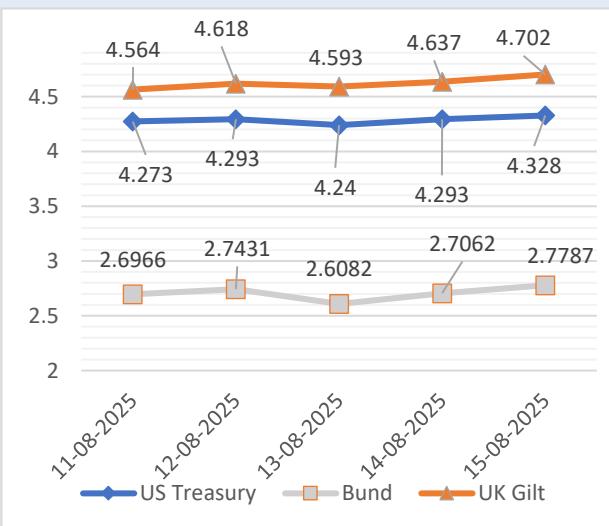
MARKET OVERVIEW

	11 AUG	12 AUG	13 AUG	14 AUG
USD/INR	87.660	87.606	87.450	87.691
OIL	66.63	66.12	65.63	66.84
GOLD	3404	3399	3408	3383
India 10 Y	6.4398	6.4920	6.4800	6.4003
US 10 Y	4.273	4.293	4.240	4.293
NIFTY 50	24406	24562	24585.85	24618.55
SENSEX	79835.61	80514.19	80270	80585

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark (6.33% GS 2035) yield concluded the week at 6.4003 at 1.18 bps lower the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (1.18 bps below), 10Y UST (4 bps above), 10Y Bund (9 bps above), and 10Y UKT (10 bps above).

U.S. producer prices rose 0.9% in July, well above expectations, driven by a 1.1% surge in services and a 0.7% jump in goods, signalling potential inflation pickup. Annual PPI climbed to 3.3% from 2.4% in June. The BLS cut about 350 indexes due to funding constraints, raising concerns over data quality. While markets expect a Fed rate cut next month, rising services inflation and potential tariff impacts have some economists questioning further easing without labor market weakness.

The U.S. dollar stayed near multi-week lows as markets priced a September Fed rate cut as near certain, with some odds on a 50-bps move. The yen strengthened to a three-week high after Treasury Secretary Bessent urged the BoJ to hike while calling for aggressive Fed cuts. Euro and pound eased, while UK GDP data showed a smaller slowdown than expected but stagflation concerns persist. Bitcoin briefly hit a record \$124,480 before retreating, supported by strong institutional inflows and pro-crypto policies from President Trump.

UBS expects the effective U.S. tariff rate to rise from about 9% to nearly 15% by mid-2026, potentially adding around 1 percentage point to both inflation and reducing GDP growth by the same amount.

Liquidity Operation by RBI

Date	VRER	MSF	SDF
AUG 04	-	1232	239701
AUG 05	-	1087	236724
AUG 06	67755	1697	163097
AUG 07	49055	11066	86154
AUG 08	159089	4352	168392
AUG 09	-	396	84124

AVERAGE DAILY TURNOVER

Item	Week Ended		
	AUG 09. 2024	AUG 01. 2025	AUG 08. 2025
	1	2	3
Call Money	17702	28874	27991
Notice Money	1124	9153	1487
Triparty Repo	561910	802721	659645
Market Repo	520926	738403	658871
Repo in Corporate Bond	3606	10605	12377

Most Actively Traded Debt.

Paper	Yield (%)	LTP
NHPC LIMITED SR AG 6.40 BD 12AG27 FVRS1LAC	6.4022	100.000
LARSEN AND TOUBRO LIMITED 7.66 NCD 09NV25 FVRS1LAC	6.1000	100.2829
ONGC PETRO ADDITIONS LIMITED SR XI 8.37 NCD 16JU26 FVRS1LAC	7.1000	100.9123
POWER GRID CORPORATION OF INDIA LIMITED SR LXXXII 6.98 BD 12AG35 FVRS1LAC	6.9749	100.000

Indian Market update:

India's retail inflation saw a significant drop in July. It reached a low of 1.55%, the lowest in over eight years. This decline was mainly due to lower food prices. The Reserve Bank of India had earlier cautioned about possible inflation increases. Experts believe inflation will remain within the RBI's target range. This provides room for economic growth.

The Consumer Price Index in India increased 0.93% month-over-month in July 2025, the biggest increase since October last year, following a 0.62% rise in June. Inflation Rate MoM in India averaged 0.47 percent from 2011 until 2025, reaching an all-time high of 2.93 percent in July of 2023 and a record low of -1.55 percent in December of 2013

The annual consumer price inflation rate in India fell to 1.55% in July of 2025 from 2.1% in the previous month, firmly below the market consensus of a 1.76%, to mark the ninth consecutive decrease in the inflation rate and only 1 basis point away from the series-low in June of 2017. It was the first time that price growth fell below the Reserve Bank of India's wide tolerance band of 2%-6% since 2019, reinforcing the view that the central bank may deliver another interest rate cut this year. The slowdown was owed to a second drop in prices of food (-1.76% vs 1.06% in June) amid a plunge in costs of vegetables (-20.69% vs -19%). In the meantime, inflation also slowed for transport and communication (2.12% vs 3.9%) and remained relatively resilient for housing (3.17% vs 3.24%). From the previous month, consumer prices were 0.9% higher.

UPCOMING AUCTIONS

- **19TH AUG** – RBI announced the SDL auction, in which 9 states will be raising aggregating to 17,600 crores.
- **20TH AUG** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 10,000, 6000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	11 AUG	12 AUG	13 AUG	14 AUG	15 AUG
OPEN	87.5	87.6	87.5	87.4	87.6
HIGH	87.7	87.7	87.7	87.7	87.6
LOW	87.4	87.5	87.3	87.3	87.4
CLOSE	87.6	87.6	87.4	87.6	87.5

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.50	6.00
USA	4.50	4.50
UK	4.00	4.25
CHINA	3.00	3.10
EURO AREA	2.15	2.40
JAPAN	0.50	0.50

Key Events

DATE	EVENTS
18-AUGUST	Eurozone Balance of Trade, Thailand GDP, United States NAHB Housing Market Index
19-AUGUST	Canada Inflation, United States Housing Starts, Australia Westpac Consumer Confidence Change
20-AUGUST	Eurozone CPI, United States FOMC Minutes, Germany PPI, New Zealand RBNZ Interest Rate Decision, United Kingdom Inflation
21-AUGUST	Eurozone HCOB Flash PMI, Manufacturing & Services, India HSBC Flash PMI, Manufacturing & Services, Eurozone HCOB Flash PMI, Manufacturing & Services
22-AUGUST	Germany GDP, United Kingdom Retail Sales, Canada Retail Sales, France Business Confidence, Singapore Inflation

Currency Movement:

The Indian rupee weakened to 87.7 per USD, remaining close to the record low of 88.1 on August 5th amid steeper US tariffs on India and the outlook of a dovish RBI. US President Trump announced a new tariff of 25% on Indian imports due to the country's continued buying and re-exporting of Russian oil. This was after PM Modi pushed back and stated that Indian firms buy the most favorable energy in an uncertain economic backdrop. The tariffs double the rate of the 25% imposed last week in the US's latest round of reciprocal tariffs, hurting the outlook of foreign exchange inflows into the world's fastest growing major economy. On the policy front, consumer inflation fell to 1.55%, well below market expectations, to surpass the lower bound of the RBI's inflation tolerance band of 2% for only the third occasion since adopting the target in 2016. The central bank held rates unchanged in its August meeting, but a majority of the market has positioned itself for another rate cut this year.

State-owned banks' forex income jumped 161% YoY to ₹3,307 crore in Q1FY26, boosted by a 2% rupee depreciation and heightened currency market volatility. Strong demand for forex transactions aided gains, while the RBI intervened by selling \$19.13 billion in April-May to curb volatility.

Key updates and week ahead:

Flash PMI data for August, due Thursday, will offer the first read on global economic conditions post-August 7 tariffs, with focus on manufacturing output, tariff-driven price pressures, business sentiment, and whether services—July's outperformer—remain resilient to shape H2 2025 global growth prospects.

After softer U.S. July CPI, markets now await the Fed's July meeting minutes and signals from the Jackson Hole Symposium for policy direction. In Canada, inflation data due Tuesday will be closely watched, with elevated July PMI price readings suggesting potential upside risks.

Key data in the coming week include UK and eurozone inflation and UK retail sales, alongside flash PMIs.