

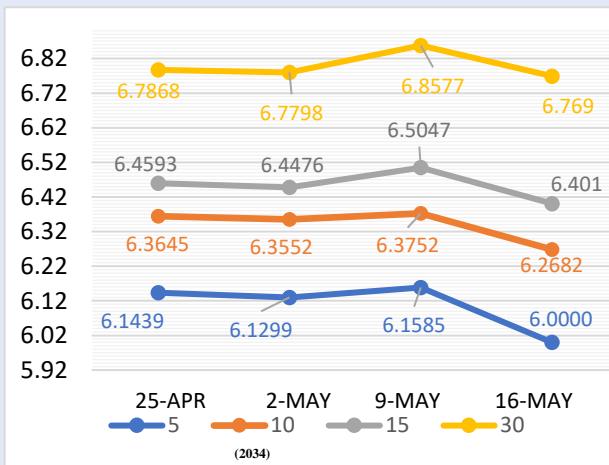


17TH MAY 2025

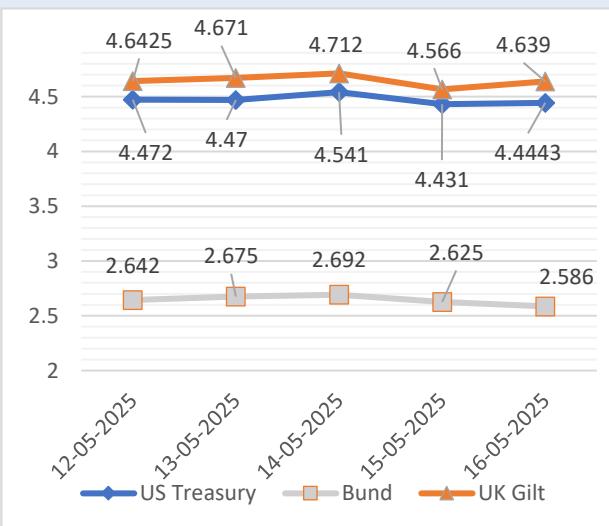
MARKET OVERVIEW

	12 MAY	13 MAY	14 MAY	15 MAY	16 MAY
USD/INR	84.885	85.275	85.395	85.445	85.551
OIL	64.96	66.63	66.09	64.53	65.44
GOLD	3228.0	3247.8	3188.3	3241.1	3186.6
India 10 Y (2035)	-	6.3289	6.2855	6.2742	6.2682
US 10 Y	4.472	4.470	4.541	4.431	4.443
NIFTY 50	24920	24593	24684	25037	25013
SENSEX	82404	81184	81410	82458	82292

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark yield concluded the week at 6.2682 at 4.9 bps lower the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (4.9 bps below), 10Y UST (6 bps above), 10Y Bund (3 bps above), and 10Y UKT (10 bps above).

The U.K. unemployment rate rose to 4.5% in March, up from 4.4%, amid concerns over rising employment costs from higher national insurance and minimum wage. Wage growth excluding bonuses slowed to 5.6%, the weakest since November. Employers appear to be cutting headcount in response to increased business taxes. The Bank of England, which recently cut interest rates, faces a dilemma as the labor market weakens but wage growth remains elevated, sustaining inflation risks.

Germany's inflation rate continued to decline, reaching 2.2% in April, according to final data from the federal statistics office released on Wednesday. This follows a 2.3% year-on-year increase in consumer prices, harmonized by EU comparison, recorded in March.

Euro zone GDP grew by 0.3% in Q1, slightly below the initial 0.4% estimate, but still marked an improvement from the previous quarter.

UK manufacturing output fell by 0.8% month-on-month in March 2025, exceeding the expected 0.5% decline, following a 2.4% rise in February. Major drags came from electronics (-8.4%), pharmaceuticals (-5.8%), and metals (-5.1%), while transport equipment (+5%), chemicals (+3.3%), and textiles (+2.6%) saw gains. Annually, output also dropped 0.8%, reversing a 0.5% increase previously.

Liquidity Operation by RBI

Date	VRR	MSF	SDF
May 5	5646	395	162616
May 6	6428	161	178561
May 7	8192	493	182611
May 8	8074	1980	177191
May 9	7417	552	213300
May 10	-	2404	207660

AVERAGE DAILY TURNOVER

Item	Week Ended		
	May 10. 2024	May 02. 2025	May 09. 2025
	1	2	3
Call Money	18513	26810	28824
Notice Money	2843	9757	1669
Triparty Repo	514261	816698	658368
Market Repo	543732	769154	687084
Repo in Corporate Bond	3972	6641	6372

Most Actively Traded Debt.

Paper	Yield (%)	LTP
LIC HOUSING FINANCE LTD TR 455 7.07 NCD 29AP30 FVRS1LAC	7.0450	100.2558
HINDUSTAN PETROLEUM CORPORATION LIMITED SR I 6.73 NCD 29AP30 FVRS1LAC	6.6678	100.4454
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR I 2024-25 F 9.35 NCD 31DC32 FVRS1LAC	9.0330	100.0853

Indian Market update:

The annual inflation rate in India fell to 3.16% in April of 2025 from 3.34% in the previous month, firmly below market expectations of 3.3% to mark a sixth consecutive slowdown and the softest inflation rate since July of 2019. This lowered the inflation rate deeper below the Reserve Bank of India's 4% mid-point target, backing more cuts from the central bank. Price growth fell to a three-and-a-half-year low for food (1.78% vs 2.69% in March), which makes up for nearly half of the consumer price basket. In turn, inflation was loosely unchanged for housing (3.00% vs 3.03%) and picked up sharply for fuel and light (2.92% vs 1.48%) as base effects for the latter offset lower energy costs in the wholesale market.

India's wholesale inflation dropped to a 13-month low of 0.85% in April, down from 2.05% in March, driven by easing food prices. This was below the 1.76% expected in a Reuters poll. Food inflation slowed to 2.55%, with vegetable prices falling 18.26%. Fuel and power prices also declined by 2.18%.

Foreign portfolio investor (FPI) inflows into the Indian bond market may remain volatile due to expectations of falling bond yields amid easing inflation. While lower inflation supports bond prices, the narrowing yield gap between Indian and U.S. bonds could deter foreign investors seeking higher returns, especially after adjusting for currency risks.

The Reserve Bank will be conducting OMO purchase for an aggregate amount of ₹25,000 crore on May 19, 2025.

In the SDL auction conducted on 14th May, 7 states raised an aggregate amount of ₹ 11,500 Cr.

Upcoming auction schedule:

- **20th MAY** – RBI announced the SDL auction, in which 11 states will be raising aggregating to 14,800 crores.
- **21st MAY** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9000, 5000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	12 MAY	13 MAY	14 MAY	15 MAY	16 MAY
OPEN	84.6	84.8	85.0	85.4	85.4
HIGH	84.9	85.4	85.5	85.7	85.6
LOW	84.5	84.6	85.0	85.3	85.2
CLOSE	84.8	85.2	85.3	85.4	85.5

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	6.00	6.25
USA	4.50	4.50
UK	4.25	4.5
CHINA	3.10	3.35
EURO AREA	2.40	2.65
JAPAN	0.50	0.50

Currency Movement:

The Indian rupee ended nearly flat on Friday but marked its second straight weekly decline, pressured by sustained dollar demand from local firms and foreign banks despite initial relief from the India-Pakistan ceasefire. The rupee closed at 85.5050 per U.S. dollar, down 0.1% for the week, within a range of 84.6250 to 85.7225 during a holiday-shortened period. While exporter hedging and dollar softness limited losses, outflows from an equity block deal added pressure.

The NSE Nifty 50 Index hit its highest level since October, driven by optimism over a potential U.S.-India trade deal and strong investor interest in Indian corporate debt, as shown by major funding deals for Shapoorji Pallonji Group and Reliance Industries. Favorable macroeconomic conditions, including the RBI's dovish stance and India's push to integrate into global supply chains, are boosting sentiment. Global fund managers are shifting back to Indian equities, with over \$2.5 billion invested this quarter despite earlier outflows.

Key updates and week ahead:

Canada is set to release inflation and retail sales data this week, with recent PMI figures showing a decline in average selling prices for the first time since February 2021, indicating easing inflation amid weak demand. Despite rising input costs, competitive pressure led services firms to cut prices, while a tougher business climate resulted in lower new business and activity, suggesting subdued retail sales. In the U.S., flash PMI data will be followed by new and existing home sales, while Mexico is due to report its Q1 GDP.

This week, attention turns to May flash PMI data from Europe, along with key inflation updates from the UK and eurozone. The eurozone will release final April inflation figures, while the UK's April inflation report is expected to confirm a recent rise in price pressures, especially in manufacturing, driven by higher raw material and labor costs. UK retail sales are also anticipated to remain weak due to low consumer confidence.

DATE	EVENTS
19-May	Eurozone Inflation, Spain Balance of Trade, United Kingdom Consumer Sentiment Index
20-May	Germany PPI, Canada Inflation, Eurozone Consumer Confidence
21-May	United Kingdom Inflation, Japan Trade, South Africa Inflation
22-May	India HSBC Flash PMI, Manufacturing & Services, Eurozone HCOB Flash PMI, Manufacturing & Services, US S&P Global Flash PMI, Manufacturing & Services, Japan au Jibun Bank Flash PMI, Manufacturing & Services
23-May	Japan Inflation, Germany GDP, United States New Home Sales, Canada Retail Sales, Mexico Balance of Trade, Taiwan Industrial Production