

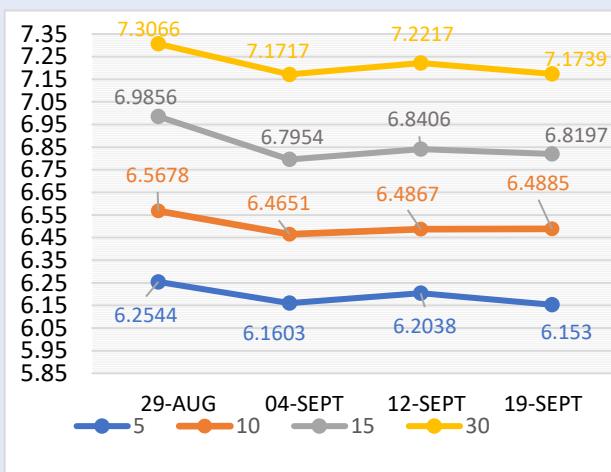


21ST SEPTEMBER 2025

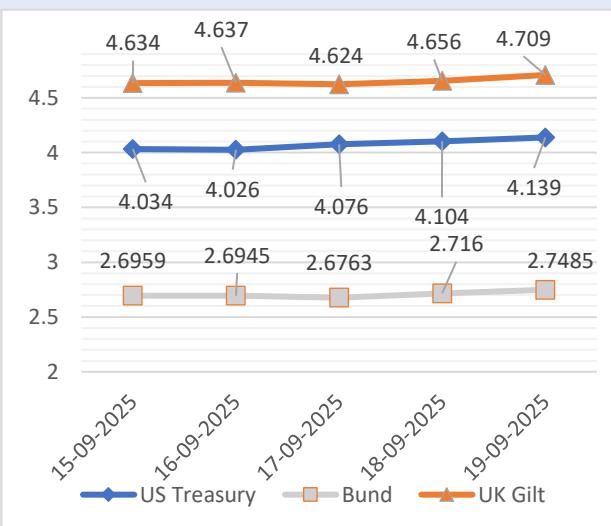
MARKET OVERVIEW

	15 SEPT	16 SEPT	17 SEPT	18 SEPT	19 SEPT
USD/INR	88.122	87.883	87.745	88.206	88.100
OIL	67.44	68.47	67.95	67.44	66.68
GOLD	3719	3725	3717	3678	3705
India 10 Y	6.4963	6.4925	6.4726	6.5139	6.4885
US 10 Y	4.034	4.026	4.076	4.104	4.139
NIFTY 50	25068	25255	25330	25421	25353
SENSEX	81810	82427	82712	83025	82702

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 6.4885 at 0.18 bps above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (0.18 bps above), 10Y UST (8 bps above), 10Y Bund (3 bps above), and 10Y UKT 6 bps above).

Initial jobless claims in the US sank by 33,000 from the previous week to 231,000 on the second week of September, firmly below the market consensus of 240,000. The count declined sharply from the October-2021 high of 264,000 from the previous week.

The Bank of England voted 7-2 to keep Bank Rate unchanged at 4%, with two members favouring a 25-bps cut to 3.75%. The MPC also voted 7-2 to slow quantitative tightening, reducing gilt holdings by £70 billion over the next year, to £488 billion. Policymakers highlighted progress in disinflation after past shocks, supported by restrictive policy, though inflation remains above target.

The Bank of Japan kept its benchmark short-term rate at 0.5% in September 2025, maintaining borrowing costs at their highest level since 2008 and in line with consensus. The decision, passed by a 7-2 vote, came amid risks tied to Japan's political outlook and the impact of U.S. tariffs, and followed the U.S. Fed's first rate cut since December.

Bank Indonesia unexpectedly cut its benchmark interest rate by 25 bps to 4.75% at its September 2025 policy meeting, defying market expectations to hold rates steady at 5.00%. This marked the sixth-rate reduction since last September, bringing the benchmark rate to its lowest level since October 2022.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
SEPT 08	-	12069	104910
SEPT 09	-	1052	123828
SEPT 10	20175	967	99886
SEPT 11	-	1159	104040
SEPT 12	150015	1184	123250
SEPT 13	-	969	112438

AVERAGE DAILY TURNOVER

Item	Week Ended		
	SEPT 13. 2024	SEPT 5. 2025	SEPT 12. 2025
	1	2	3
Call Money	21371	20066	31808
Notice Money	1331	7397	2775
Triparty Repo	734837	559054	681101
Market Repo	620109	510321	623329
Repo in Corporate Bond	3931	7895	11061

Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25G 7.48 BD 15SP28 FVR1LAC	6.8700	101.5747
REC LIMITED SR 244 7.99 BD PP FVR1CR	7.5525	102.7933
L&T METRO RAIL (HYDERABAD) LIMITED SR C 6.68 NCD 30AP27 FVR10LAC	7.2500	99.1099
HDFC BANK LIMITED SR Y002 5.78 NCD 25NV25 FVR10LAC	6.5948	99.8033

Indian Market update:

Foreign Exchange Reserves in India increased to 702970 USD Million in September 12 from 698270 USD Million in the previous week. Foreign Exchange Reserves in India averaged 307727.94 USD Million from 1998 until 2025, reaching an all-time high of 704890 USD Million in September of 2024 and a record low of 29048 USD Million in September of 1998.

Indian government bonds fell for a second consecutive week, after hawkish commentary from the U.S. central bank pushed up Treasury yields, while continued worries over debt supply further dented investor appetite. The yield on the 10-year benchmark ended at 6.4885%, after closing at 6.5139% on Thursday

Money Supply M3 in India decreased to 281389.16 INR Billion in the week ending July 25 from 281412.86 INR Billion two weeks before. Money Supply M3 in India averaged 54342.56 INR Billion from 1951 until 2025, reaching an all-time high of 281412.86 INR Billion in July of 2025 and a record low of 20.57 INR Billion in October of 1952.

India's wholesale prices increased by 0.52% yoy in August 2025, surpassing market forecasts of a 0.30% rise and recovering from a 0.58% decline in July, which was the sharpest drop since July 2023. This marked the highest wholesale inflation since April, primarily driven by a rebound in food prices and faster growth in manufacturing costs. Food prices rose 0.21% in August, sharply rebounding from their steepest drop since August 2015

UPCOMING AUCTIONS

- **23RD September** – RBI announced the SDL auction, in which 11 states will be raising aggregating to 27,000 crores.
- **24TH September** – 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

	15 SEPT	16 SEPT	17 SEPT	18 SEPT	19 SEPT
OPEN	88.2	88.0	87.8	87.8	88.2
HIGH	88.3	88.1	87.9	88.2	88.3
LOW	88.1	87.8	87.6	87.8	88.0
CLOSE	88.1	87.8	87.7	88.2	88.1

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.50	6.00
USA	4.25	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
22-SEPT	US Chicago Fed National Activity Index, Eurozone Consumer Confidence, Hong Kong SAR Inflation
23-SEPT	India HSBC PMI, manufacturing & Services, Eurozone HCOB Flash PMI, Manufacturing & Services, US S&P Global Flash PMI Manufacturing & Services
24-SEPT	Japan S&P Global Flash PMI, Manufacturing & Services, US New Home Sales, Australia Monthly CPI Indicator
25-SEPT	US Initial Jobless Claims, US Wholesale Inventories, US GDP Growth, US Durable Goods Orders
26-SEPT	US Core PCE Price Index, Canada GDP, US University of Michigan Consumer Sentiment

Currency Movement:

The Indian Rupee saw a volatile week, closing nearly unchanged on Friday. It initially rose to a two-week high before retreating. This happened as the dollar and U.S. bond yields increased despite a U.S. rate cut. The rupee is expected to trade between 87.50 and 88.50.

India's foreign exchange reserves crossed the \$700 billion mark, rising by \$4.7 billion to \$702.97 billion in the week to September 12, providing cover for around 11.5 months of imports, according to RBI data. Foreign currency assets, the largest component, increased by \$2.54 billion to \$587.01 billion, largely due to valuation changes in holdings of other global currencies like the euro, pound, and yen. Meanwhile, the rupee remained under pressure, trading at 88.12 per dollar after the U.S. imposed a 50% tariff on key Indian exports.

Key updates and week ahead:

Markets will closely watch September's flash PMI data, which provide the first look at global economic momentum. India continues to show strong growth, with robust expansions in the US and Australia, while the UK, Japan, and eurozone show more modest but improving trends. However, there are concerns that earlier gains were driven by front-loaded exports ahead of US tariffs, making September data critical to assess underlying demand, especially in Germany, France, and the UK.

While US PMIs suggest solid Q3 growth, business confidence has weakened, pointing to rising concerns about the outlook. In the UK, higher taxes and minimum wage hikes have pushed up inflation and triggered job losses, making PMI results important for gauging policy impacts on employment and prices.

The US core PCE price index, due Friday, will be pivotal in shaping expectations for future Fed action. Mixed signals—consumer inflation rising while wholesale prices fell—have clouded the inflation outlook. Softer PCE data would strengthen the case for further Fed rate cuts this year, in line with policymakers' guidance for at least two more cuts.