

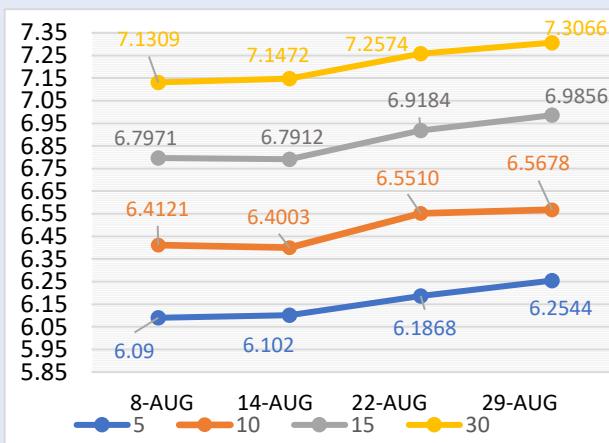


31ST AUGUST 2025

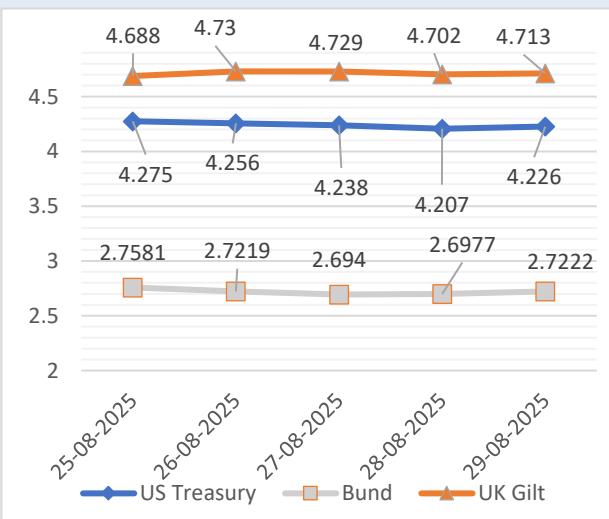
MARKET OVERVIEW

	25 AUG	26 AUG	27 AUG	28 AUG	29 AUG
USD/INR	87.608	87.635	87.661	87.591	88.174
OIL	68.22	66.70	67.44	67.98	67.48
GOLD	3417	3433	3448	3488	3530
India 10 Y	6.5967	6.5997	-	6.538	6.5678
US 10 Y	4.275	4.256	4.238	4.207	4.226
NIFTY 50	24979	24710	-	24533	24434
SENSEX	81238	80819	-	80209	79871

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 6.5678 at 1.68 bps above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (1.68 bps above), 10Y UST (3 bps below), 10Y Bund (1 bps below), and 10Y UKT (3 bps above).

The core PCE price index in the US, which excludes volatile, and energy prices rose by 2.9% from the previous year in July 2025, the highest in five months and in line with market expectations. Core PCE Price Index Annual Change in the United States averaged 3.24 percent from 1960 until 2025, reaching an all-time high of 10.22 percent in February of 1975 and a record low of 0.63 percent in July of 2009.

The US PCE price index increased by 0.2% month-over-month in July 2025, following a 0.3% rise in June, and in line with expectations. Prices for goods were down 0.1%, after a 0.4% gain in June and prices for services rose 0.3%, up from 0.2% in the previous month. The core PCE index, which excludes food and energy, went up 0.3%, the same as in June, also matching forecasts. Separately, prices for food decreased 0.1%, after a 0.3% increase in June while prices for energy goods and services fell 1.1%, down from a 0.9% rise.

The CPI in Germany rose 0.1% month-over-month in August 2025, more than market expectations of a flat reading, preliminary estimates showed. Inflation Rate MoM in Germany averaged 0.21 percent from 1950 until 2025, reaching an all-time high of 3.10 percent in October of 1951 and a record low of -2.73 percent in January of 1950.

Liquidity Operation by RBI

Date	VRER	MSF	SDF
AUG 18	-	23360	1273
AUG 19	-	-	1992
AUG 20	-	-	4249
AUG 21	31025	-	7687
AUG 22	-	78781	1818
AUG 13	-	-	322

AVERAGE DAILY TURNOVER

Item	Week Ended		
	AUG 23. 2024	AUG 15. 2025	AUG 22. 2025
	1	2	3
Call Money	16106	24392	29137
Notice Money	1774	8303	1821
Triparty Repo	644906	803167	706895
Market Repo	503684	794301	664441
Repo in Corporate Bond	4666	11835	11865

Most Actively Traded Debt.

Paper	Yield (%)	LTP
POONAWALLA FINCORP LIMITED SR B1 7.65 NCD 19JU28 FVRS1LAC	7.6267	99.9982
MUTHOOT FINANCE LIMITED 8.05 NCD 25NV27 FVRS1LAC	7.8600	100.4030
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 24A 7.5 BD 31AU26 FVRS1LAC	6.6550	100.7930
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 23F 7.5 BD 17DC25 FVRS10LAC	6.1000	100.3167

Indian Market update:

The Indian gross domestic product expanded by 7.8% from the previous year in the three months to June of 2025, accelerating from the 7.4% in the previous period to mark the sharpest growth rate in five quarters and beat market expectations of a 6.6% increase. The result indicated that the Indian economy extended its period of traction following a slowdown in the second half of calendar 2024, supported by stronger consumer spending as inflation slowed and improved households' purchasing power. Private consumption expanded by 7% annually in the period, while government expenditure jumped by 7.4% and gross fixed capital formation expanded by 7.8%.

RBI Governor Sanjay Malhotra reaffirmed that the central bank's priority remains price stability while supporting growth, stressing that financial and price stability act as enablers of expansion. Speaking at a banking conference in Mumbai, he said the RBI will maintain ample liquidity to support the economy, monitor the impact of U.S. tariffs on Indian exports—though nearly half of sectors remain unaffected—and continue pursuing trade agreements to mitigate risks.

Indian bond yields have surged on weak demand, with the 10-year jumping 24 bps in August to 6.62% amid fiscal worries after GST tax cut plans, a "buyers' strike" by insurers, pension funds, and banks, and rising government supply. The spike has derailed monetary transmission, forcing firms like HUDCO and Bajaj Finance to shelve fundraising.

UPCOMING AUCTIONS

- **2ND September** – RBI announced the SDL auction, in which 12 states will be raising aggregating to 31,650 crores.
- **3RD 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

	25 AUG	26 AUG	27 AUG	28 AUG	29 AUG
OPEN	87.3	87.6	87.6	87.6	87.5
HIGH	87.6	87.8	87.8	87.6	88.3
LOW	87.2	87.5	87.6	87.5	87.5
CLOSE	87.6	87.6	87.6	87.5	88.1

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
01-SEPT	Eurozone Unemployment Rate, Worldwide Manufacturing PMIs, incl. global PMI
02-SEPT	Eurozone Inflation, United States ISM Manufacturing PMI
03-SEPT	United States Factory Orders, United States JOLTS Job Openings, Australia GDP
04-SEPT	United States ISM Services PMI, United States Trade, United States ADP Employment Change, S&P Global Sector PMI, Australia Trade, Switzerland Unemployment, Eurozone Construction PMI
05-SEPT	United States Non-Farm Payrolls, Unemployment, Average Hourly Earnings, Eurozone GDP, Germany Factory Orders, Germany Factory Orders

Currency Movement:

The Indian rupee weakened to around 88.25 per dollar on Friday, hitting an all-time low, pressured by ongoing concerns over steep US tariffs on Indian exports. Earlier this week, Washington imposed an additional 25% levy on imports linked to Russian oil purchases, effectively doubling duties to 50% and fueling concerns over the global competitiveness of Indian goods.

Adding to the drag, overseas investors extended their selling streak in equities for a fourth session, offloading nearly Rs. 3,856.51 crores so far this month. Meanwhile, the Reserve Bank of India, in its latest bulletin, cautioned that US trade measures pose downside risks, though resilient rural demand and steady consumption offer some support. Investors now look to India's Q2 GDP report, expected to ease to 6.6% growth from 7.4%, and to US PCE inflation data that could guide the Federal Reserve's next move.

Key updates and week ahead:

The coming week's key focus will be the U.S. August jobs report, alongside ISM and S&P Global PMI data. Flash PMIs showed employment rising for a sixth month at the fastest pace since January, pointing to a strong payroll reading, while overall business activity expanded at one of the year's quickest rates. Canada will release jobs and trade data, and Brazil will publish Q2 GDP figures.

Alongside final PMI releases, Europe's key data this week includes eurozone inflation, retail sales, and the UK's retail sales and Halifax house price index. The HCOB Output Prices Index signals muted inflation ahead, while modest eurozone services growth suggests softer retail sales. In contrast, robust UK services activity and favorable weather point to stronger retail performance.

In addition to PMI data released for the region, key economic releases in APAC include GDP and trade data out of Australia. Additionally, inflation data will be due from various economies while a central bank meeting also takes place in Malaysia, albeit with no change to interest rates expected.