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Weekly Fixed Income Bulletin

27th October 2025

Market Snapshot

Key Overnight Interest Rates p.a.	Current Week	Previous Week	Change	Year change
MIBOR	5.52%	5.55%	-0.03%	-1.18%
US SOFR	4.24%	4.18%	0.06%	-0.59%
EU ESTR	1.93%	1.93%	0.00%	-1.49%
UK SONIA	3.97%	3.97%	0.00%	-0.98%

**MIBOR is recorded Friday to Friday while other international benchmarks are recorded Thursday to Thursday. Fall in rates can be attributed to rate cut during this week.*

Liquidity Adjustment Conducted By RBI	Thu 23 Oct 2025	Thu 16 Oct 2025	Change
Injected (+)/ Absorbed (-) as on Thursday. [In Rs. Crs.]	₹ 2,645.79	-₹ 1,41,132.70	₹ 1,43,778.49

**Liquidity Injection/absorption is calculated from RBI's outstanding operations which includes repo operations, fine tuning operations, targeted long-term operations and special long-term repo operations (SLTRO) for small finance banks. This is recorded Thursday to Thursday and adjusted for public holidays.*

Yields (Annualized-p.a.)	Current Week	Previous Week	Change	Year change
India 3 Month T-Bill	5.48%	5.44%	0.04%	-1.02%
India 6 Month T-Bill	5.60%	5.55%	0.05%	-1.02%
India 5 Year Benchmark Yield	6.15%	6.13%	0.02%	-0.62%
India 10 Year Benchmark Yield	6.54%	6.51%	0.02%	-0.31%
US 10 Year Benchmark Yield	4.00%	4.01%	-0.01%	-0.24%
EU 10 Year Benchmark Yield	2.62%	2.58%	0.05%	0.33%
Japan 10 Year Benchmark Yield	1.66%	1.63%	0.03%	0.71%
UK 10 Year Benchmark Yield	4.44%	4.53%	-0.09%	0.20%

Fund Type	Annualized Weekly Return (p.a.)
Liquid Funds	5.68%
Ultra Short Duration	5.50%
Short Duration	2.35%
GILT	-9.41%

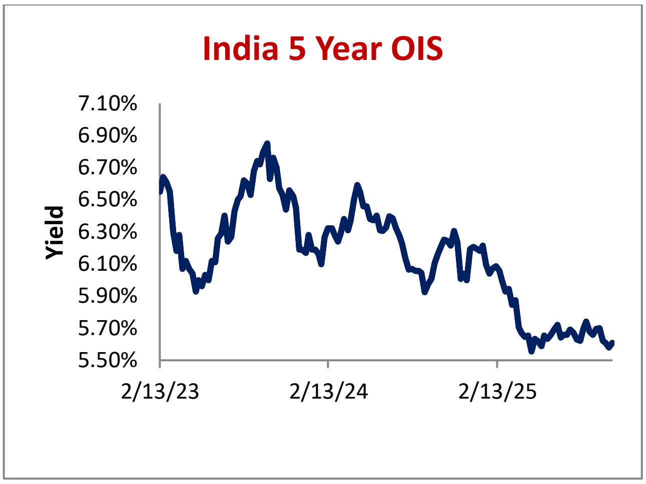
Weekly return as on Thursday is annualized to arrive at the above data set.

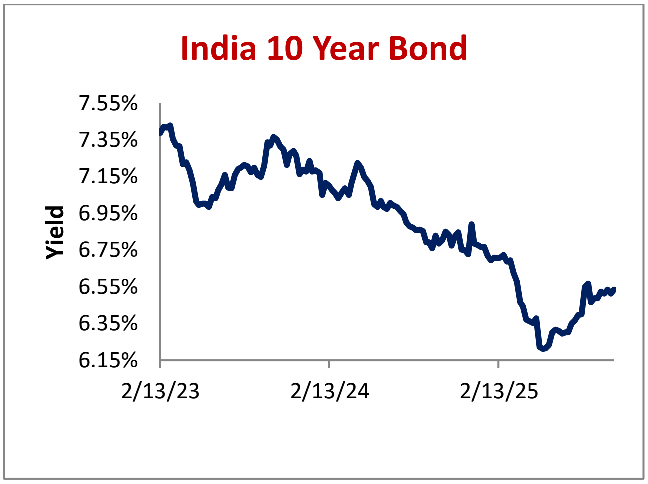
Week Ahead:

Key Events *[27th October-2025 to 31st October-2025]*	Date	Previous Number	Forecasted Number
Germany Ifo Business Climate OCT	27-Oct-25	87.7	87.0
Germany GfK Consumer Confidence NOV	28-Oct-25	-22.3	-23.0
India Industrial Production YoY SEP	28-Oct-25	4.00%	3.80%
India Manufacturing Production YoY SEP	28-Oct-25	3.80%	3.20%
Japan Consumer Confidence OCT	29-Oct-25	35.3	35.5
Fed Interest Rate Decision	29-Oct-25	4.25%	4.00%
BoJ Interest Rate Decision	30-Oct-25	0.50%	0.50%
Germany GDP Growth Rate QoQ Flash Q3	30-Oct-25	-0.30%	0.10%
EU GDP Growth Rate QoQ Flash Q3	30-Oct-25	0.10%	0.10%
EU Unemployment Rate SEP	30-Oct-25	6.30%	6.30%
Germany Inflation Rate YoY Prel OCT	30-Oct-25	2.40%	2.30%
ECB Interest Rate Decision	30-Oct-25	2.15%	2.15%
Japan Unemployment Rate SEP	31-Oct-25	2.60%	2.50%

Week in Review:

Key Events *[20th October-2025 to 24th October-2025]*	Date	Previous Number	Actual Number
China GDP Growth Rate YoY Q3	20-Oct-25	5.20%	4.80%
China Industrial Production YoY SEP	20-Oct-25	5.20%	6.50%
China Retail Sales YoY SEP	20-Oct-25	3.40%	3.00%
Japan Balance of Trade SEP	22-Oct-25	¥-242.8B	¥-234.6.0B
U.K. Inflation Rate YoY SEP	22-Oct-25	3.80%	3.80%
U.S. Existing Home Sales SEP	23-Oct-25	4.0 Mn	4.06 Mn
Japan Inflation Rate YoY SEP	24-Oct-25	2.70%	2.90%
U.K. Retail Sales MoM SEP	24-Oct-25	0.60%	0.50%
Germany HCOB Manufacturing PMI Flash OCT	24-Oct-25	49.5	49.6
U.K. S&P Global Manufacturing PMI Flash OCT	24-Oct-25	46.20	49.60
U.K. S&P Global Services PMI Flash OCT	24-Oct-25	50.8	51.1
U.S. Core Inflation Rate YoY SE	24-Oct-25	3.10%	3.00%
U.S. Inflation Rate YoY SEP	24-Oct-25	2.90%	3.00%





Market Recap

Domestic Market

The Indian financial markets had a short working week but it was a week of great economic significance. Diwali is India's biggest spending festival and the sales metrics are closely tracked akin to the spending during the holiday season [Thanksgiving + Christmas] in the US or the Chinese New Year.

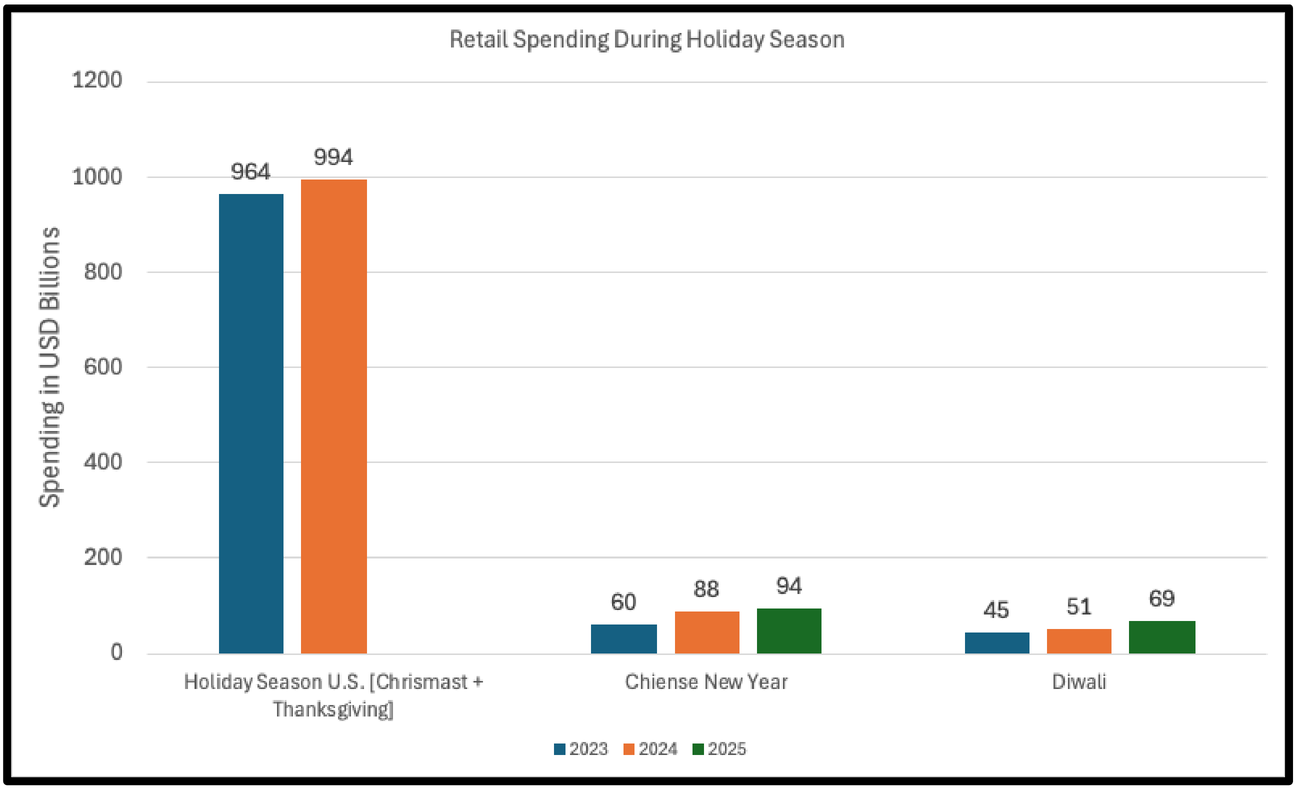


Figure 1 Calculation includes numbers representative of spending. The US number includes online spends+other retail spends. The Chinese Number includes spend on Tourism while Indian Spends includes spends on Goods+ Services

Though consumption in the US dwarfs the consumption in other regions, it still holds major significance as it is a great indicator of retail confidence. Indians spent the most this Diwali close to $69 billion comprising of $61 billion just on goods. This number comes in the backdrop of the recently reduced GST rates on various goods and services.

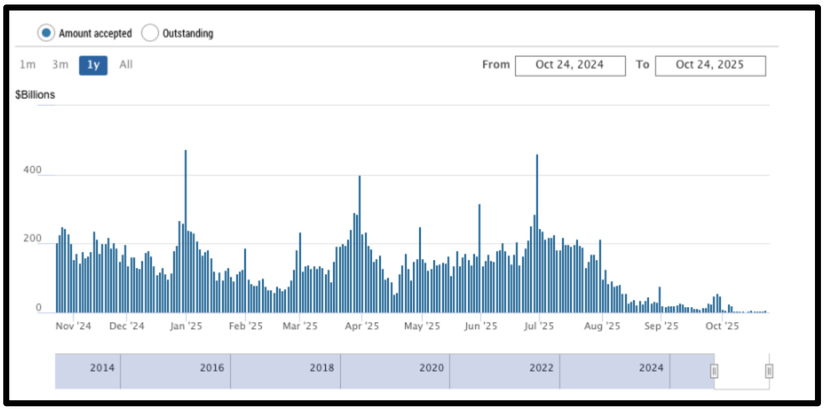
Currently for the central bank, the dilemma remains on fighting the visuals of inflations & supporting growth. While the headline figures due to the food prices remain soft, the central bank risks being seen as overly cautious in the face of 'low inflation' (though the core prices remain elevated) & growth uncertainties. There were welcome developments on the trade negotiations with a leading Indian newspaper stating tariffs on India might be reduced to 15% from 50% currently but we all need to keep in mind- ***'it ain't over till the fat lady sings'***.

Fed's Interest Rate Decision & A Welcome Surprise

The US CPI was released last week despite government shutdown as the Bureau of Labor Statistics recalled staff as the CPI is one metric used in the annual cost of living adjustment calculations for social security payments. The headline number for September rose at its slowest pace of 0.227% (MoM) well below consensus of 0.3%. The decrease was largely attributable to the fall in prices of used cars as well as a slow pace of increase in shelter prices (or owner's equivalent rent which contributes a quarter of the overall CPI) at 0.1% as compared to August. Components impacted by tariffs jumped sharply, apparel prices grew at 0.7% MoM. Overall the core good prices remain elevated indicating tariff related price pressures.

All this data needs to be read in the backdrop of U.S. government shutdown which is in its 5th week and creates new problems. The White House said that the October CPI report is unlikely to be released as surveyors of the CPI cannot be deployed due to the shutdown.

The Fed will most likely deliver the widely expected 25 bps cut but the focus of the markets would be on any commentary on ***ending the Quantitative Tightening (QT) program***.



Though the Reverse Repos being conducted has greatly reduced, the Fed works on the 'ample reserve' liquidity policy which is essentially the minimum amount of liquidity required to avoid disruption. Many believe this threshold has not breached and functioning remains orderly.

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