

Market Snapshot

Key Overnight Interest Rates p.a.	Current Week	Previous Week	Change	Year change
MIBOR	5.59%	5.58%	0.01%	-1.25%
US SOFR	3.91%	4.00%	-0.09%	-0.66%
EU ESTR	1.93%	1.93%	0.00%	-1.48%
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 20 Nov 2025	Thu 13 Nov 2025	Change
Injected (+)/ Absorbed (-) as on Thursday. [In Rs. Crs.]	-₹ 1,56,922.65	-₹ 2,40,250.86	₹ 83,328.21

*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	5.38%	5.45%	-0.07%	-1.10%
India 6 Month T-Bill	5.58%	5.58%	0.00%	-1.05%
India 5 Year Benchmark Yield	6.24%	6.18%	0.06%	-0.58%
India 10 Year Benchmark Yield	6.57%	6.53%	0.04%	-0.26%
US 10 Year Benchmark Yield	4.06%	4.15%	-0.09%	-0.37%
EU 10 Year Benchmark Yield	2.70%	2.72%	-0.02%	0.38%
Japan 10 Year Benchmark Yield	1.79%	1.70%	0.08%	0.69%
UK 10 Year Benchmark Yield	4.55%	4.58%	-0.03%	0.11%

Fund Type	Annualized Weekly Return (p.a.)
Liquid Funds	5.65%
Ultra Short Duration	5.44%
Short Duration	5.19%
GILT	-2.84%

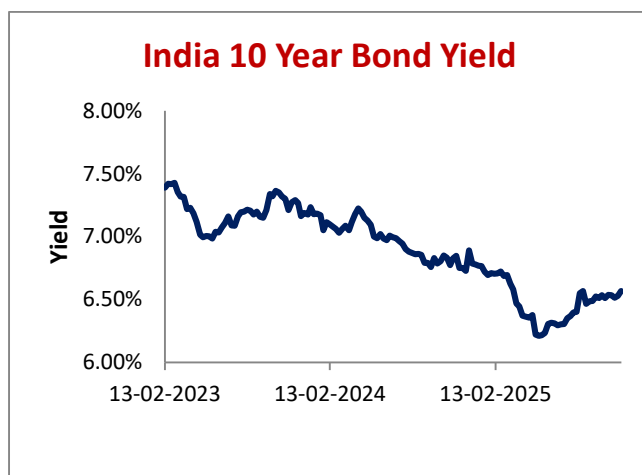
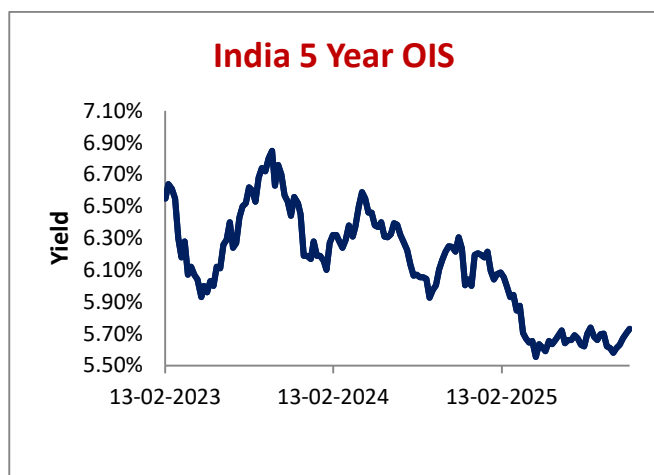
Weekly return as on Thursday is annualized to arrive at the above data set.

Week Ahead:

Key Events [24 th November-2025 to 28 th November-2025]	Date	Previous Number	Forecasted Number
Germany Ifo Business Climate NOV	24-Nov-25	88.40	88.00
U.S. PPI MoM SEP	25-Nov-25	-0.10%	0.50%
U.S. Retail Sales MoM SEP	25-Nov-25	0.60%	0.30%
U.S. Durable Goods Orders MoM SEP	26-Nov-25	2.90%	0.20%
Germany GfK Consumer Confidence DEC	27-Nov-25	-24.1	-22
Japan Unemployment Rate OCT	28-Nov-25	2.60%	2.60%
India Industrial Production YoY OCT	28-Nov-25	4.00%	4.30%
India Manufacturing Production YoY	28-Nov-25	4.40%	4.80%
Germany GDP Growth Rate YoY Q3	28-Nov-25	7.80%	7.20%
Germany Inflation Rate YoY Prel NOV	28-Nov-25	2.30%	2.30%

Week in Review:

Key Events [17 th November-2025 to 21 st November-2025]	Date	Previous Number	Actual Number
Japan GDP Growth Rate QoQ Prel Q3	17-Nov-25	0.60%	-0.40%
India Unemployment Rate OCT	17-Nov-25	5.20%	5.20%
U.K. Inflation Rate YoY OCT	19-Nov-25	3.80%	3.60%
FOMC Minutes	20-Nov-25		
U.S. Existing Home Sales OCT	20-Nov-25	4.05M	4.1M
U.S. Non-Farm Payrolls SEP	20-Nov-25	119K	-4K
U.S. Unemployment Rate SEP	20-Nov-25	4.3%	4.4%
Japan Inflation Rate YoY OCT	21-Nov-25	2.90%	3.00%
U.K. Retail Sales MoM OCT	21-Nov-25	0.70%	-1.10%
Japan Balance of Trade OCT	21-Nov-25	¥-234.6B	¥-231.8B
Germany HCOB Manufacturing PMI Flash NOV	21-Nov-25	49.6	48.4
U.K. S&P Global Manufacturing PMI Flash NOV	21-Nov-25	49.7	50.2
U.K. S&P Global Services PMI Flash NOV	21-Nov-25	52.3	50.5



Market Recap

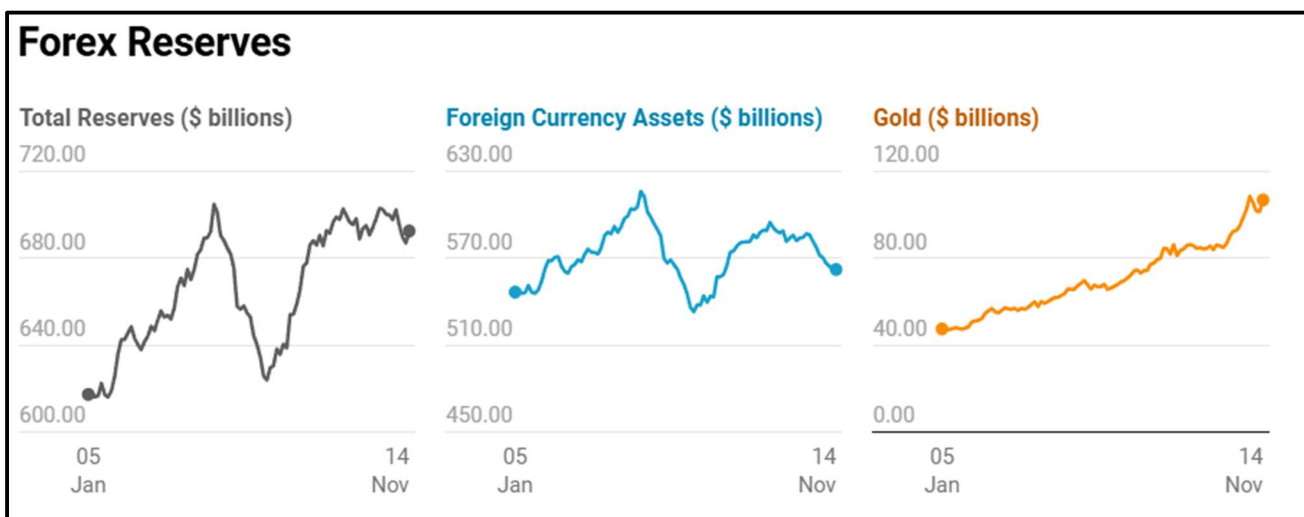
The Day the RBI Stepped Back: Governor's Trade-Deal Optimism Collides with Rupee Reality

A brutal rupee selloff, strikingly just one day after RBI Governor Malhotra reassured markets that a “good” US–India trade deal was near and would ease FX pressures cascaded through fixed-income markets this week. The currency’s sudden slide to a record ₹89.49/\$, after the central bank stepped back from defending the ₹88.80 level, triggered real panic across onshore and offshore markets and pushed the 10-year yield to 6.5665%, its highest in three weeks. The break above the 6.55% technical ceiling amplified fears of a broader bearish shift as currency-risk premia surged.

Early optimism from a stronger-than-expected auction with the 50-year bond clearing at 7.3889%, below trader estimates faded rapidly once dollar demand spiked and portfolio outflows intensified. The stress spilled into derivatives, with 1–5 year OIS rates rising 1.5–2 bps, signalling a modest but broad upward shift in rate expectations as FX volatility fed into front-end repricing.

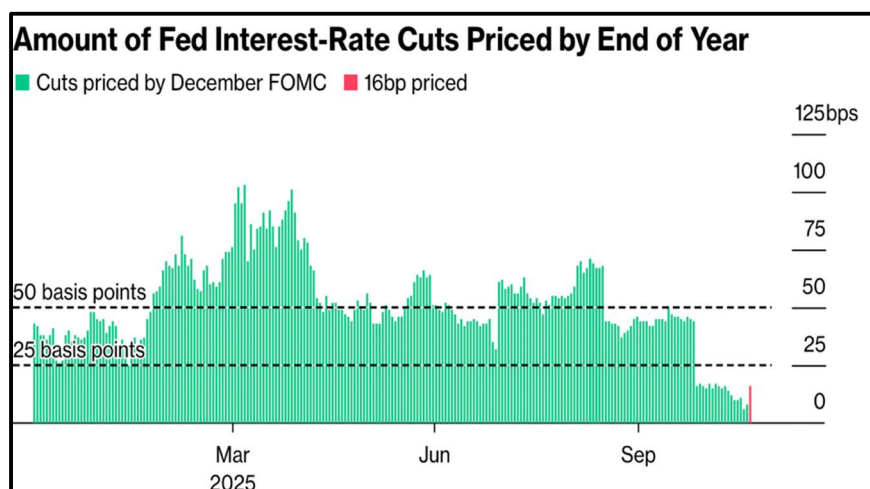
Macro indicators added to caution. Flash PMI data showed manufacturing cooling to 57.4, its weakest since May, and trade data revealed a record \$41.7 bn deficit in October as US tariffs drove a broad-based export contraction. Heavy gold imports, soft core-sector output, and slowing new orders suggest that the festive-season and GST-cut momentum may now be fading.

With the rupee now Asia’s weakest major currency this year and the RBI’s intervention pattern turning less predictable, markets are watching two stabilizers: whether policymakers re-enter the FX market more forcefully, and whether Washington finally rolls back its punitive tariffs, both catalysts that could anchor yields after this week’s disorderly repricing.



Dovish Whispers, Data Silence: U.S. Markets Split as the Fed's December Call Hangs in the Balance

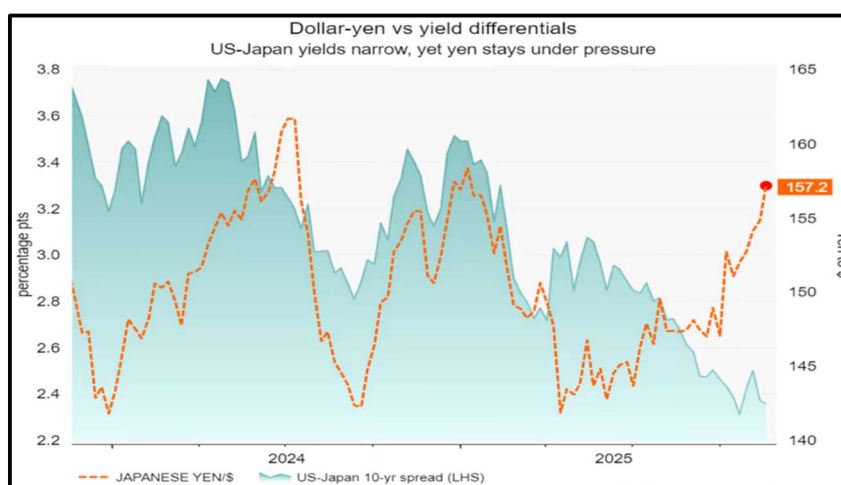
U.S. rates markets swung sharply this week as a rare dovish signal from NY Fed President John Williams revived December cut expectations that had been fading amid persistent inflation concerns. His remark that policy is only “modestly restrictive” and could be eased “in the near term” pushed December cut odds from 35% to nearly 55%, driving 2Y–10Y yields to three-week lows. Yet the broader FOMC narrative remains fractured: Collins, Logan, Goolsbee and Barr all argued for a pause, citing stalled disinflation and financial-stability risks, while minutes from the October meeting showed “many” favour holding rates through year-end.



Markets were left navigating this policy split without fresh macro data, as the government shutdown forced cancellation of the October CPI and delayed labour-market releases until after the Dec 9–10 meeting effectively locking the Fed into relying solely on September’s mixed but not recessionary jobs report. Risk-off flows from U.S. equities amplified the rally in Treasuries, with the 10Y yield sliding 9 bps on the week. With Powell emphasising that a December cut is “not a foregone conclusion,” and leadership uncertainty looming for 2025, the policy path has rarely been more asymmetric: dovish signalling can move markets quickly, but hard data to justify easing won’t arrive in time, setting the stage for a contested December meeting with potential volatility in both yields and equities.

BOJ Hawkish Turn Meets Fiscal Shock: Japan's Bond Market Faces Its Breaking Point

Japanese fixed income markets endured one of their most turbulent weeks in years as a hawkish turn at the Bank of Japan collided with Prime Minister Takaichi’s massive fiscal package, triggering a broad “Sell Japan” impulse. BOJ board members Masu and Koeda signalled that a rate hike as early as the December 18–19 meeting is now plausible, arguing that conditions for normalisation are “already falling into place.” Yet markets reacted less to the policy signals and more to fears that Takaichi’s ¥21.3 trillion stimulus, Japan’s largest since the pandemic will swell issuance and strain already fragile debt dynamics.



The result was a sharp steepening: 10-year JGB yields briefly hit a 17-year high above 1.83%, while 30- and 40-year yields touched unprecedented levels before easing on Friday. A buyers' strike is evident, major investor groups cut 10-year JGB buying to the lowest since 2023, insurers became net sellers of super-longes for a third month, and BOJ net JGB sales reached a record in Q3. The yen, meanwhile, slid over 6% in seven weeks, decoupling from the U.S.–Japan yield gap and fuelling renewed carry-trade pressure.

With volatility rising to levels that historically invite intervention, policymakers face a narrowing corridor: move too slowly, and markets punish the yen; tighten too quickly, and long-end fragility worsens. For now, pricing suggests markets see an 80% chance the BOJ stays on hold in December, even as the narrative shifts decisively toward near-term normalisation amid fiscal–market tensions.

End of report

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