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Weekly Fixed Income Bulletin

1st December 2025

Market Snapshot

Key Overnight Interest Rates p.a.	Current Week	Previous Week	Change	Year change
MIBOR	5.59%	5.59%	0.00%	-1.17%
US SOFR	4.05%	3.91%	0.14%	-0.54%
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 27 Nov 2025	Thu 20 Nov 2025	Change
Injected (+)/ Absorbed (-) as on Thursday. [In Rs. Crs.]	-₹ 1,26,829.29	-₹ 1,56,922.65	₹ 30,093.36

**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	5.36%	5.38%	-0.02%	-1.12%
India 6 Month T-Bill	5.53%	5.58%	-0.05%	-1.15%
India 5 Year Benchmark Yield	6.22%	6.24%	-0.02%	-0.48%
India 10 Year Benchmark Yield	6.55%	6.57%	-0.02%	-0.20%
US 10 Year Benchmark Yield	4.02%	4.06%	-0.04%	-0.24%
EU 10 Year Benchmark Yield	2.69%	2.70%	-0.01%	0.37%
Japan 10 Year Benchmark Yield	1.81%	1.79%	0.02%	0.75%
UK 10 Year Benchmark Yield	4.44%	4.55%	-0.11%	0.18%

Fund Type	Annualized Weekly Return (p.a.)
Liquid Funds	5.62%
Ultra Short Duration	6.42%
Short Duration	8.83%
GILT	6.29%

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

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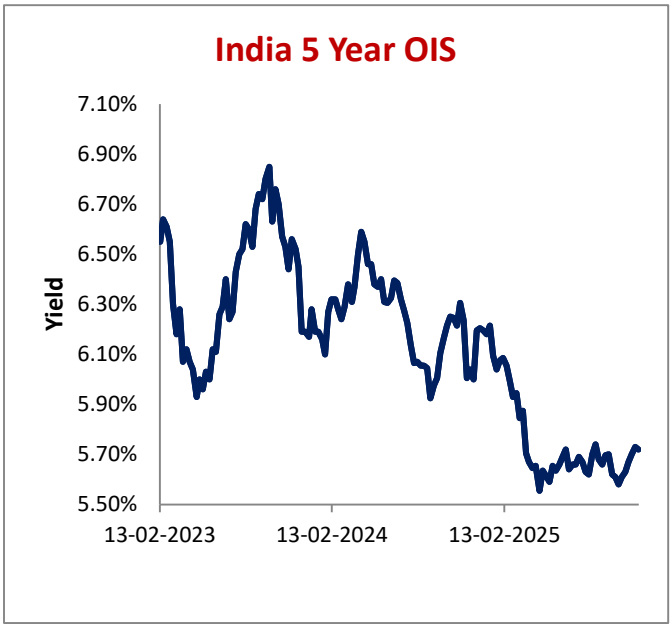
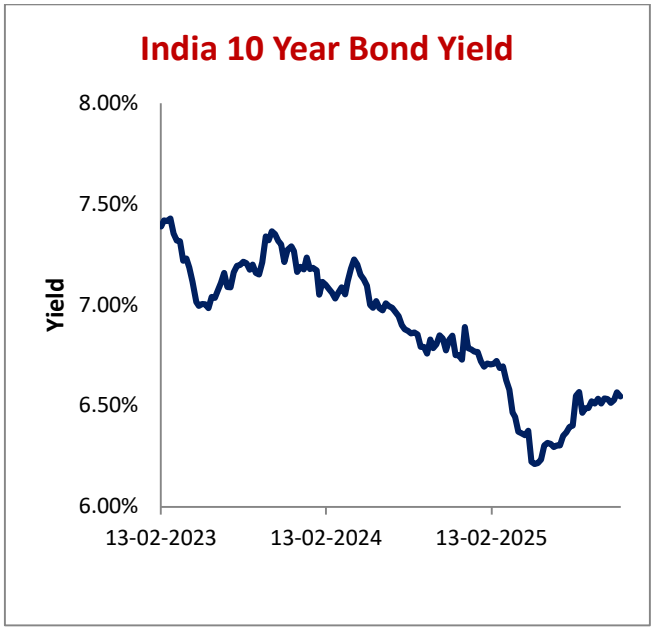
Week Ahead:

Key Events *[01st December-2025 to 05th December-2025]*	Date	Previous Number	Forecasted Number
China RatingDog Manufacturing PMI NOV	01-Dec-25	50.60	48.80
India Industrial Production YoY OCT	01-Dec-25	4.00%	4.30%
India Manufacturing Production YoY OCT	01-Dec-25	4.80%	4.40%
U.S. ISM Manufacturing PMI NOV	01-Dec-25	48.7	48.8
Japan Consumer Confidence NOV	02-Dec-25	35.8	36.1
Euro Inflation Rate YoY Flash NOV	02-Dec-25	2.10%	2.10%
U.S. ISM Services PMI NOV	03-Dec-25	52.4	52.3
India RBI Interest Rate Decision	05-Dec-25	5.50%	5.25%
U.S. Core PCE Price Index MoM SEP	05-Dec-25	0.20%	0.20%
U.S. Michigan Consumer Sentiment Prel DEC	05-Dec-25	51.00	53.00

Week in Review:

Key Events *[24th November-2025 to 28th November-2025]*	Date	Previous Number	Actual Number
Germany Ifo Business Climate NOV	24-Nov-25	88.40	88.10
U.S. PPI MoM SEP	25-Nov-25	-0.10%	0.30%
U.S. Retail Sales MoM SEP	25-Nov-25	0.60%	0.20%
U.S. Durable Goods Orders MoM SEP	26-Nov-25	3.00%	0.50%
Germany GfK Consumer Confidence DEC	27-Nov-25	-24.1	-23.2
Japan Unemployment Rate OCT	28-Nov-25	2.60%	2.60%
India GDP Growth Rate YoY Q3	28-Nov-25	7.80%	8.20%
Germany Inflation Rate YoY Prel NOV	28-Nov-25	2.30%	2.30%





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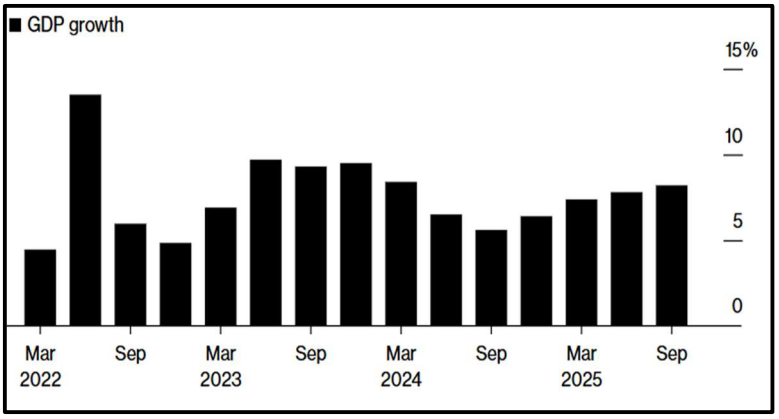
Market Recap

India's Bonds Reprice the Story: Between a Dovish RBI and a Booming GDP

India's bond market spent the week unravelling the comfortable easing narrative it had settled into. Until mid-week, traders were convinced that record-low inflation and Governor Malhotra's unusually dovish public remarks hinting that "there is definitely scope" for further cuts had sealed a December 25 bp move. Then the 8.2% GDP shock arrived, flipping the script and pushing the 10Y yield to 6.545% as markets suddenly questioned whether the RBI could cut into accelerating growth. The OIS curve wobbled but did not abandon the cut, leaving expectations alive yet visibly weakened. Currently, the market is pricing roughly a 65% probability of a December cut

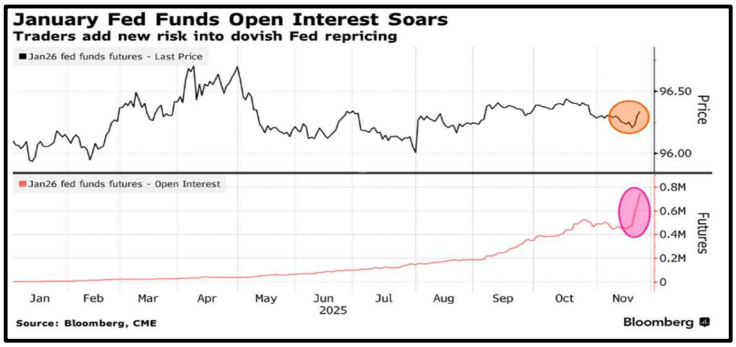


Beneath the surface, the fixed-income backdrop turned more complex. Bank funding is tightening, term premia are rebuilding, and the rupee now tagged "crawl-like" by the IMF is being held steady through a large USD 59 bn forward short book, a setup at odds with aggressive easing. Heavy Q4 G-Sec and SDL supply and subdued foreign appetite only add to the tension, as hedging costs and INR drift dilute the carry trade.

By week's end, the market read the situation as a pivot: Malhotra's dovishness keeps the door open, but the macro mix no longer makes a cut cost-free. Yet, despite the growth surprise and FX constraints, the balance of signalling, inflation dynamics and policy intent still points toward a December rate cut. At this stage, the December policy feels less like a debate on direction and more like a test of the RBI's credibility and the weight of evidence suggests the RBI *will* deliver a 25 bp cut, prioritising the easing trajectory it has already communicated while relying on liquidity tools and FX management to anchor stability across the curve.

Guidance Fades, Divergence Grows: The Pre-FOMC Rates Setup

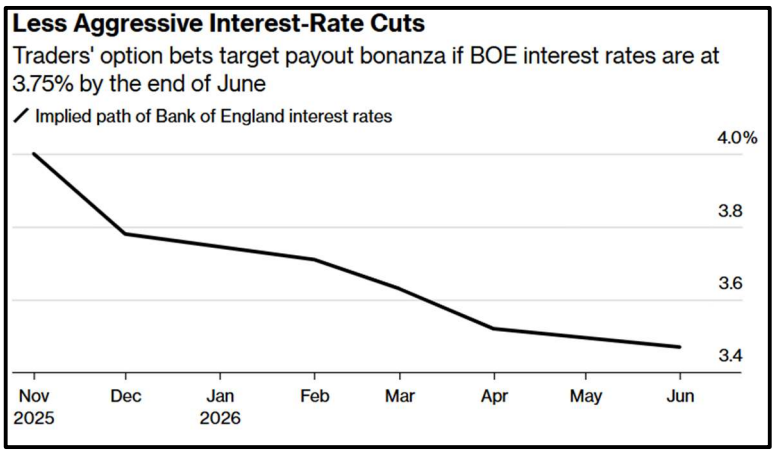
The week ended with the Fed entering its communications blackout, leaving markets to interpret a fragmented institution without new data ahead of the December meeting. The Beige Book showed a cooling economy beneath headline stability spending softening outside high-income households, hiring freezes replacing layoffs, and firms struggling to push through price



increases. With shutdown disrupted data still missing, policymakers remain split between hawks focused on inflation 1pp above target and doves warning of labor-market fatigue.

Markets concluded the doves hold momentum: fed funds futures saw a surge in positioning, pushing cut odds toward 85%, with Williams and Daly's dovish hints becoming the last official signals before the blackout. Treasuries briefly rallied through 4% on speculation that Kevin Hassett an outspoken cut advocate is leading the Fed chair shortlist. Still, month-end flows, the CME outage, and corporate-supply hedging pushed yields slightly higher into Friday, leaving a mild bull-steepening bias in place. The overarching story: a data-blind, internally divided Fed, and a market increasingly pricing policy through inference rather than guidance.

UK Fiscal Story: A Back-Loaded Fix With Front-Loaded Risks



Britain's budget won cautious approval from the "big three" rating agencies, which see it as a slow-burn consolidation path laden with execution risk. The OBR's inadvertent early release showed £26bn in tax hikes pushing the tax-to-GDP ratio to a post-war high yet most of the tightening arrives only by 2029/30, keeping near-term policy effectively loose. Growth forecasts were cut, productivity expectations trimmed, and living-standards gains look wafer-thin, reinforcing the pressure on gilt valuations. Markets initially welcomed the larger fiscal buffer, but the absence of upfront revenue and the political fragility of the Labour government leave scope for reversals something all agencies flagged. Gilts rallied before paring gains, while traders doubled down on BoE easing, pricing a near-90% chance of a December cut as fiscal drag weighs on the outlook. Still, with debt ratios rising and inflation dynamics complicated by minimum-wage and welfare measures, the UK's medium-term fiscal trajectory remains a central risk anchor for fixed-income investors.

End of report

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