

Macro Konnect

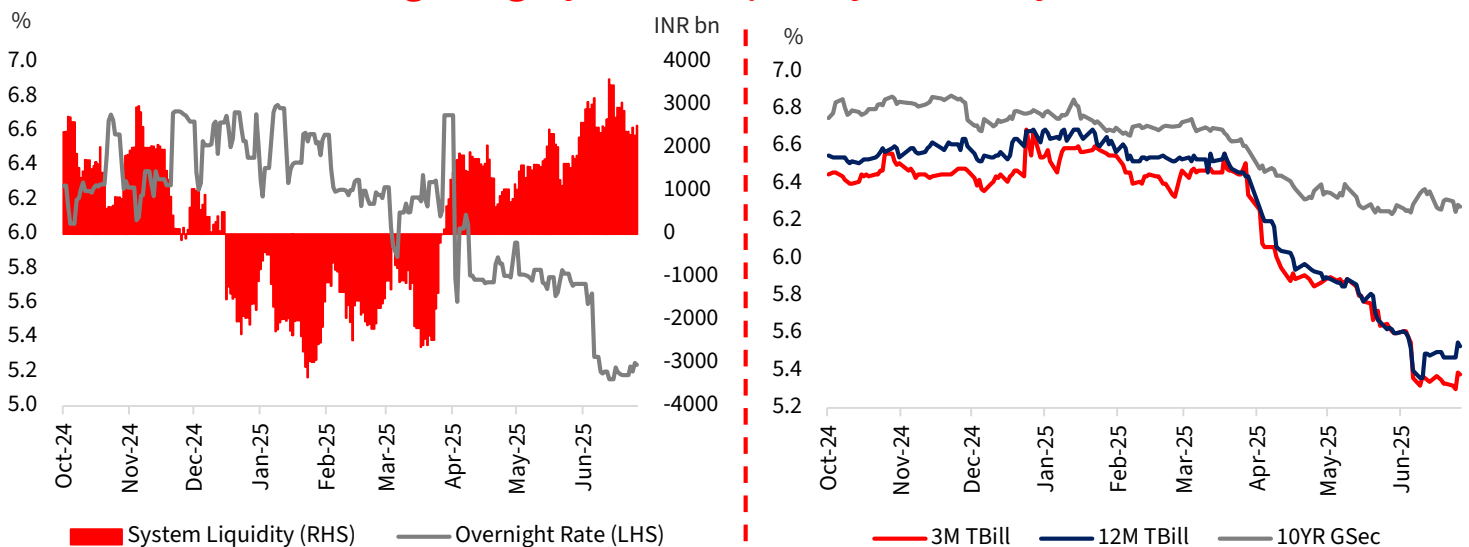
27-June-2025

Liquidity Monitor

(In INR Billion)

	Amount	Amount	Amount
	12-Jun	19-Jun	26-Jun
Liquidity Adjustment Facility (LAF)			
Reverse Repo & Standing Deposit Facility (SDF)	2856.6	3225.7	2798.8
Repo	0.0	0.0	0.0
Marginal Standing Facility (MSF)	-11.0	-13.2	-18.3
Standing Liquidity Facility (SLF) Availed from RBI	-84.7	-71.6	-70.1
Liquidity Deficit/Surplus	2760.9	3140.9	2710.4
Net System Liquidity*	2662.2	3062.3	2526.8

Navigating System Liquidity With Key Rates



Indian Debt Market Indicators

Broad Indices

	27-Jun-25	20-Jun-25
1 Year AAA Corporate Bond	6.60%	6.58%
3 Year AAA Corporate Bond	6.75%	6.73%
5 Year AAA Corporate Bond	6.88%	6.86%
1 Year G-Sec	5.62%	5.60%
3 Year G-Sec	5.91%	5.88%
5 Year G-Sec	6.15%	6.12%
10 Year G-Sec	6.31%	6.31%

Red Indicates Hardened, Black Indicates Unchanged compared to the previous week

*after Adjustments figure with CRR requirement and TLTRO

Source: Bloomberg, RBI Website, KMAMC Internal | All Data as on 26th June, 2025, Indian Debt Market Indicators data are as of 27th-June-2025

Details as per latest data available publicly.

From Fund Management's Desk:

- U.S. Treasury yields remained range-bound this week amid mixed economic data, highlighted by weaker GDP growth and higher-than-expected inflation data.
- Testifying before Congress, Powell acknowledged that the administration's tariffs had created a "highly uncertain" path for the U.S. economy, reinforcing the Fed's wait-and-see approach on interest rate cuts.
- Back home, banking system liquidity remains in surplus, supported by recent RBI measures. To align short-term rates more closely with the policy rate, the RBI has introduced a ₹1 lakh crore Variable Rate Reverse Repo (VRRR), reinforcing its commitment to a neutral policy stance.
- We believe this is more of a liquidity fine-tuning exercise, not a reversal of the RBI's accommodative policy stance. Currently, core liquidity surplus stands at around ₹5.5 lakh crore, with effective lending to the RBI under the LAF framework at ₹2.5 lakh crore. As month-end government spending flows in, this could increase to ₹3.5–4 lakh crore, potentially pulling overnight rates down toward 4.90–5.00%, well below the current repo rate of 5.5%.
- The Indian sovereign bond yield curve remained steep, with yields rising by up to 10 bps on a week-on-week basis.
- India's 10-year G-Sec could trade between 6.25% and 6.35% in the week ahead.

Source: Bloomberg, RBI Website, KMAMC Internal Research | Data as on 27th June, 2025 | Details as per latest data available publicly.

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