

marketbuzz





INDIAN ECONOMY INDIAN EQUITY MARKET INDIAN FIXED INCOME GLOBAL EQUITY MARKET GLOBAL FIXED INCOME 5 CURRENCY 6 COMMODITY



View from the Top

On the global, U.S. equity markets rose as durable goods orders for May 2025 surged and jobless claims unexpectedly declined in the week ended Jun 21, 2025. Markets have rebounded sharply from earlier-year declines, driven by economic momentum and manufacturing optimism, signaling resilience amid ongoing tariff uncertainty. The rally continued following the U.S. President's announcement of a ceasefire between Israel and Iran. European equity markets declined amid rising speculation over potential U.S. involvement in the Israel-Iran conflict. Escalating tensions unsettled investors, particularly after a major hospital in southern Israel sustained extensive damage and multiple injuries were reported following a series of Iranian missile attacks. The market fell further after Israel launched strikes against Iran, targeting nuclear facilities and ballistic missile factories as part of efforts "to damage Iran's nuclear infrastructure, its ballistic missile factories, and military capabilities. Asian equity markets mostly rose after the U.S. President announced that a ceasefire between Israel and Iran was in effect. Optimism grew as U.S. and Chinese leaders agreed to continue trade negotiations, lifting market sentiment. However, gains were limited due to concerns over the independence of the U.S. Federal Reserve. Markets later declined following hawkish commentary from the U.S. Federal Reserve.

Back home, domestic equity markets climbed after the RBI delivered a surprise 50 basis points cut in the repo rate to 5.5%, along with a 100 basis points reduction in the Cash Reserve Ratio to 3% and a downward revision in the inflation outlook, signaling strong policy support for growth and liquidity. The rally gained further momentum as easing tensions in the Middle East, supported by hopes of a ceasefire between Israel and Iran, boosted investor sentiment. Although crude oil prices had surged earlier due to Israeli strikes on Iranian nuclear and missile facilities followed by retaliatory drone attacks, the subsequent easing of tensions helped calm global economic concerns, leading to a decline in oil prices and restoring investor confidence.

In the domestic debt market, bond yields rose after the RBI surprised markets with a 50-basis points rate cut, which was initially perceived as a positive move; however, the simultaneous shift in policy stance from accommodative to neutral raised concerns about the likelihood of further rate cuts, ultimately driving the increase in yields. However, losses were limited after dovish comments from the RBI Governor in a recent interview helped ease concerns about the future trajectory of interest rates.

Outlook

The outlook for the domestic equity market is cautiously optimistic, supported by a combination of domestic policy measures and global developments. Q1 FY26 earnings and management commentaries are expected to offer key insights into demand trends, particularly in the consumption sector ahead of the festive season. On the global front, potential announcements following the July 8 conclusion of the U.S. government's 90-day pause on tariff actions could impact export-oriented sectors, especially given the prevailing uncertainty in the U.S. economy. Domestically, recent rate cuts, improved liquidity, tax relief from the Union Budget, and signs of a cyclical recovery are likely to support market sentiment. However, a selective and cautious approach would remain important in light of external risks.

The domestic debt market is expected to remain steady, with bond yields likely to stay range-bound as the RBI is expected to pause after recent rate cuts while monitoring incoming data on growth and inflation. Liquidity conditions are expected to remain comfortable, although the central bank has begun withdrawing excess short-term liquidity and has shifted its monetary policy stance from accommodative to neutral following the June rate cut. These developments have led many analysts to conclude that the rate-cut cycle may be over, even as the RBI Governor noted that inflation falling below current projections could create room for further easing. Additionally, geopolitical tensions involving Iran-Israel and Russia-Ukraine continue to weigh on investor sentiment, with risks persisting despite temporary ceasefires.

We are pleased to bring to you the latest version of the Monthly Market Buzz for June. Happy Reading!!!

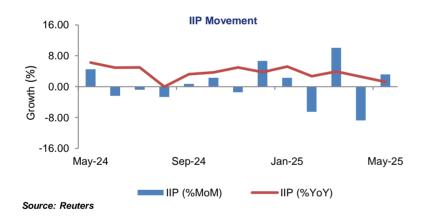
Mr. Narendra Agrawal Head - Branch Banking & Retail Liabilities Retail Branch Banking





| Economic Releases in June-2025 | | | | |
|--------------------------------------|--------|--------|----------|--|
| Key Indicator | Period | Actual | Previous | |
| Repo Rate | Jun-25 | 5.50% | 6.00% | |
| Reverse Repo | Jun-25 | 3.35% | 3.35% | |
| CRR | Jun-25 | 4.00% | 4.00% | |
| Index of Industrial Production (IIP) | May-25 | 1.20% | 2.60% | |
| Wholesale Price Index Inflation(WPI) | May-25 | 0.39% | 0.85% | |
| Export (Y-o-Y) | May-25 | 1.57% | 10.00% | |
| Import (Y-o-Y) | May-25 | -2.10% | 20.00% | |
| Source: RBI, Refinitiv | | | | |

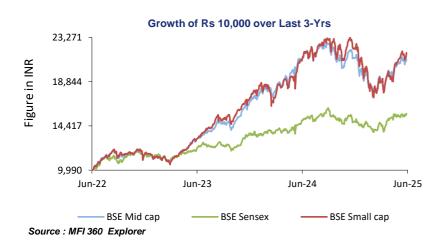




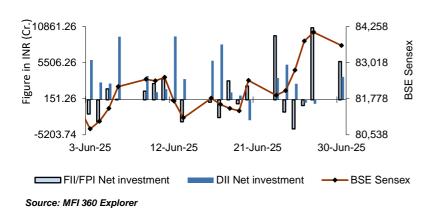
- The Monetary Policy Committee (MPC) in its second bimonthly monetary policy review of FY26 reduced key policy repo rate by 50 bps to 5.50% with immediate effect. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) shall stand adjusted to 5.25% and the marginal standing facility (MSF) rate and the Bank Rate to 5.75%. The MPC also decided to change the stance from accommodative to neutral. The cash reserve ratio (CRR) will be reduced by 100 bps to 3.0% of Net Demand and Time Liabilities (NDTL) in four equal tranches of 25 bps each, w.e.f. the fortnights beginning Sep 6, Oct 4, Nov 1, and Nov 29, 2025.
- India's current account balance recorded a surplus of US\$ 13.5 billion (1.3% of GDP) in Q4 FY25 as compared with US\$ 4.6 billion (0.5% of GDP) in Q4 FY24 and against a deficit of US\$ 11.3 billion (1.1% of GDP) in Q3 FY25.
- Consumer price index-based inflation eased to a more than six-year low of 2.82% YoY in May 2025, down from 3.16% in Apr 2025, primarily due to a slower rise in food prices. Consumer food price inflation decreased to 0.99% YoY in May 2025 from 1.78% in Apr 2025.
- India's wholesale price index (WPI)-based inflation eased to 0.39% YoY in May 2025, down from 0.85% in Apr 2025. The decline was largely driven by falling prices of key kitchen staples such as vegetables, onions, and pulses.
- The Index of Industrial Production (IIP) slowed to 1.2% YoY in May 2025, down from a revised 2.6% in Apr 2025. The moderation in May 2025 was primarily driven by contractions in the electricity and mining sectors.
- SEBI has released an updated Investor Charter for Investment Advisers (IAs) to strengthen investor protection and financial literacy. The charter mandates fair treatment of clients, disclosure of conflicts of interest and AI usage, and clear communication of risks and costs. IAs must maintain confidentiality, adhere to service timelines, and resolve complaints within 21 days. Investors can escalate unresolved issues via the SCORES and SMARTODR platforms.
- The RBI is reviewing the ownership structure and eligibility norms for bank licensing to support the growing economy. Currently, foreign investors can hold up to 74% in Indian banks, but strategic foreign investors are capped at 15%. Any stake above 5% requires RBI approval, and voting rights are limited to 26% for large shareholders. The Governor noted that while the 15% cap for non-residents remains, exceptions may be allowed on a case-by-case basis.
- SEBI has launched a new UPI mechanism using the @valid handle for all registered investor-facing intermediaries to ensure secure and transparent payments. Each UPI ID will include a readable username with a category-specific suffix and a unique NPCI-assigned handle, along with a green thumbs-up symbol for visual verification. Intermediaries can use existing bank accounts via certified syndicate banks. A daily UPI limit of Rs. 2 to 5 lakh will apply. From Oct 1, 2025, investors can verify UPI IDs and bank details using SEBI's 'SEBI Check' tool.



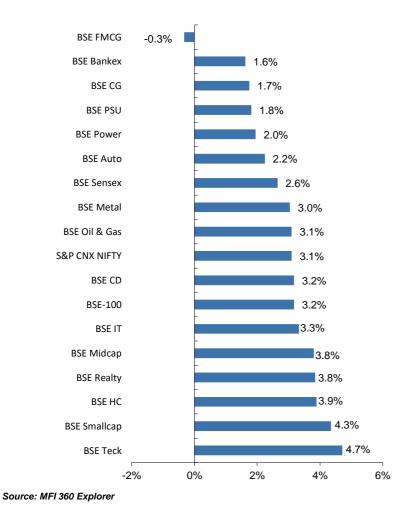
Indian Equity Market



DII, FII Investment & S&P BSE Sensex - June 2025



Monthly returns as on June 30 2025



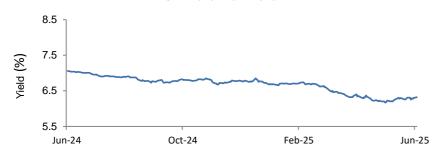
- Domestic equity markets weathered a turbulent global environment but ended the month on a broadly positive note. The early part of the month was marked by heightened geopolitical tensions, particularly following a major Ukrainian drone strike on Russian military assets, which, along with rising crude oil prices and renewed U.S.-China trade friction, weighed on investor sentiment. India's own trade tensions with the U.S. and weakening foreign capital inflows added to the cautious mood.
- The RBI delivered a surprise 50 basis point rate cut and eased liquidity norms, signaling a strong commitment to supporting growth. This policy boost, combined with positive global cues such as strong U.S. jobs data of May 2025 and progress in U.S.-China trade talks, helped lift market sentiment and triggered a rally. However, the rally was briefly interrupted by escalating conflict between Israel and Iran, which pushed crude oil prices higher and rattled global markets.
- As the month progressed, optimism over a potential ceasefire between the two nations began to build, leading to a decline in crude oil prices. This easing of geopolitical tensions, along with measured remarks from the U.S. Federal Reserve Chair, led investors to anticipate two rate cuts by the U.S. central bank before the end of 2025. The Indian markets responded with a sustained rally, further supported by foreign institutional buying.
- On the final trading day of the month, markets witnessed a pullback as the U.S. President announced he would not extend the July 9 deadline for new trade agreements, reigniting tariff concerns. Despite the late-session dip, the overall tone for June remained constructive, underpinned by supportive domestic policy actions and a gradual easing of global risks.



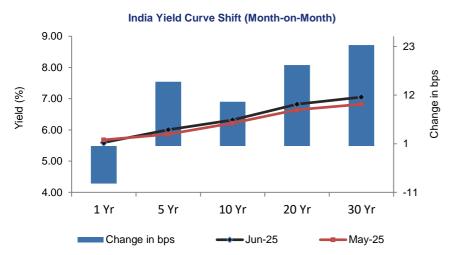
Indian Fixed Income

| Indicators (Yield %) | June 30, 2025 | May 30, 2025 |
|----------------------|---------------|--------------|
| Call Rate | 5.50% | 5.85% |
| FBIL 1 Mn Term Mibor | 6.02% | 6.41% |
| 10-Yr benchmark bond | 6.32% | 6.23% |
| Reverse Repo | 3.35% | 3.35% |
| Repo | 5.50% | 6.00% |
| Bank Rate | 5.75% | 6.25% |
| CRR | 4.00% | 4.00% |
| Source: Refinitiv | | |

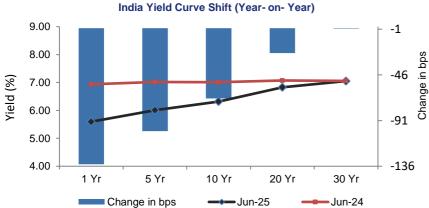




Source: CCIL



Source: Refinitiv



Source: Refinitiv

- Bond yields rose after the RBI surprised markets with a 50-basis points rate cut, which was initially perceived as a positive move; however, the simultaneous shift in policy stance from accommodative to neutral raised concerns about the likelihood of further rate cuts, ultimately driving the increase in yields. Losses deepened following the RBI's announcement to discontinue daily Variable Rate Repo (VRR) auctions, signalling ample liquidity in the system and prompting reassessment of short-term interest expectations. Yields rose further amid a sharp increase in crude oil prices, driven by escalating geopolitical tensions stemming from the ongoing conflict between Israel and Iran. However, losses were limited after dovish comments from the RBI Governor in a recent interview helped ease concerns about the future trajectory of interest rates. Sentiment improved further following the announcement of a ceasefire between Israel and Iran, coupled with a sharp decline in crude oil prices.
- Yield on the 10-year benchmark paper (6.33% GS 2035) rose by 10 bps to close at 6.32%, compared with the previous month's close of 6.22%.
- Bond yields began the month on a cautious note, initially falling marginally following strong domestic GDP data of Q4 FY25, as attention turned to the RBI's Jun 2025 policy meeting. Anticipation of a third consecutive rate cut led to increased buying, particularly in the 10-year segment, keeping yields subdued.
- However, the RBI surprised markets with a largerthan-expected 50 basis point cut and a shift in policy stance from accommodative to neutral. unexpected move triggered a sharp rise in yields.
- Additionally, the RBI's decision to discontinue daily Variable Rate Repo (VRR) auctions, signalling ample liquidity in the system, added to the upward pressure.
- Escalating tensions in the Middle East, particularly Israel's strikes on Iran, led to a surge in crude oil prices, which in turn pushed bond yields higher.
- Despite the geopolitical concerns, dovish remarks from the RBI Governor helped stabilize the market.
- However, the announcement of a ceasefire between Israel and Iran, accompanied by a sharp decline in crude prices, improved investor sentiment and brought yields down.



Liquidity Monitor- M3 Supply and Net Borrowings

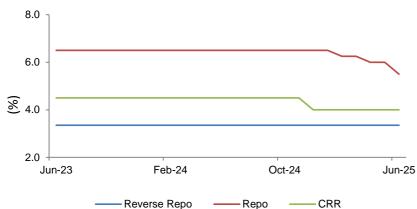


Source: Refinitiv

10 Year Corporate Bond Spread (for AAA & AA bonds) 147 107 107 107 107 27 Jun-24 Oct-24 Feb-25 AAA Bond Spread AA Bond Spread

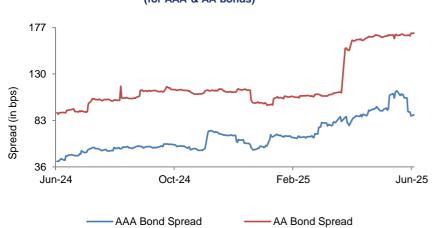
Source: Refinitiv

Movements of Key Policy Rates in India



Source: RBI

5 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

- The central bank of India conducted auctions of 91-, 182- and 364-days Treasury Bills for a notified amount of Rs. 76,000 crore in Jun 2025, compared to same amount in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 5.43%, 5.51% and 5.54%, respectively, during the month under review compared with the average yield 5.76%, 5.76% and 5.77%, respectively in the previous month.
- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 83,430 crore (for which amount of Rs. 82,207 was accepted), which is lower than the scheduled amount of Rs. 86,705 crore during Jun 2025. The average cut-off yield of 10-year SDL remained at 6.71% during Jun 2025 compared to 6.67% in the previous month.
- In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,25,000 crore in Jun 2025, for which amount of Rs. 1,20,000 was accepted with no devolvement on primary dealers.





GLOBAL EQUITY MARKET

| Performance of Major Inter | national Mark | ote | | |
|--|---------------|-----------|--|--|
| Performance of Major International Markets (as on June 30,2025) | | | | |
| Indices | Country | 1 Mth (%) | | |
| United States | | | | |
| Nasdaq 100 | U.S. | 6.27 | | |
| Nasdaq Composite | U.S. | 6.57 | | |
| Asia Pacific | | | | |
| SET Composite Index | Thailand | -5.19 | | |
| Jakarta Composite | Indonesia | -3.46 | | |
| Straits Times Index | Singapore | 1.79 | | |
| KOSPI Index | South Korea | 13.86 | | |
| Nikkei Stock Average 225 | Japan | 6.64 | | |
| Taiwan SE Weighted Index | Taiwan | 4.26 | | |
| Shanghai Composite Index | China | 2.90 | | |
| BSE Sensex | India | 2.65 | | |
| S&P/ASX 200 | Australia | 1.28 | | |
| Europe | | | | |
| FTSE 100 | U.K. | -0.13 | | |
| CAC 40 | France | -1.11 | | |
| DAX Index | Germany | -0.37 | | |
| Source: MFI 360 Explorer & Refinitiv | | | | |

United States

 U.S. equity markets rose as durable goods orders for May 2025 surged and jobless claims unexpectedly declined in the week ended Jun 21, 2025. Markets have rebounded sharply from earlier-year declines, driven by economic momentum and manufacturing optimism, signaling resilience amid ongoing tariff uncertainty.

Europe

 European equity markets declined amid rising speculation over potential U.S. involvement in the Israel-Iran conflict. Escalating tensions unsettled investors, particularly after a major hospital in southern Israel sustained extensive damage and multiple injuries were reported following a series of Iranian missile attacks.

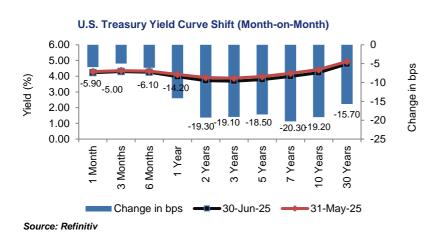
Asia

 Asian equity markets mostly rose after the U.S. President announced that a ceasefire between Israel and Iran was in effect. Optimism grew as U.S. and Chinese leaders agreed to continue trade negotiations, lifting market sentiment. Further support came from new data showing an increase in U.S. job openings in Apr 2025. The Japanese market advanced after the Bank of Japan left interest rates unchanged on Jun 17, 2025.



Source: Refinitiv

GLOBAL FIXED INCOME - U.S. TREASURY



5.50 U.S. 10 Year Treasury Yield

5.00

4.50

4.00

Movement during the Month
Jun-24

Oct-24

Feb-25

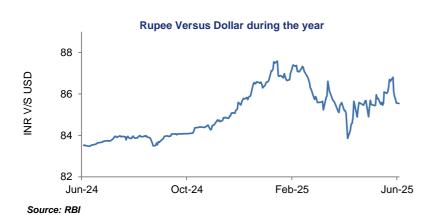
Jun-25

- Yields on the 10-year U.S. Treasury fell by 19 bps to close at 4.23% from the previous month's close of 4.42%.
- U.S. Treasury prices rose amid market speculation that the U.S. President may announce an early replacement for the Federal Reserve Chair.
- Prices gained further after the Fed Vice Chair signaled that the first interest rate cut of the year could come as early as Jul 2025, while market reaction to geopolitical developments remained muted.
- However, gains were limited after data showed that employers added more jobs than expected in May 2025, indicating continued strength in the labor market despite concerns about a potential slowdown.





| Performance of Major International Markets (as on June 30,2025) | | | | |
|---|------------------------------|--------|--------|--------|
| Currency | Value (as on 30-Jun-2025) | 1 Mth | 3 Mth | 1 Yr |
| U.S. Dollar | 85.54 | 85.48 | 85.58 | 83.45 |
| Pound Sterling | 117.47 | 115.14 | 110.74 | 105.46 |
| Euro | 100.45 | 96.94 | 92.32 | 89.25 |
| Yen (Per Rs.100) | 59.00 | 59.00 | 57.00 | 52.00 |
| Source: RBI | | - | | - |



COMMODITIES

| Performance of Various Commodities | | | | | |
|------------------------------------|-----------------|----------------|-------|-------|--------|
| Commodities | Last Closing | Returns (in %) | | | |
| Commodities | (30-Jun-25) | 1 Wk | 1 Mth | 6 Mth | 1 Yr |
| Crude Brent (\$/Barrel) | 71.14 | -10.68 | 9.24 | -7.03 | -19.84 |
| Gold (\$/Oz) | 3303.31 | -1.94 | 0.43 | 25.90 | 42.03 |
| Gold (Rs/10 gm) | 95676.00 | -3.08 | 0.65 | 26.03 | 33.69 |
| Silver (\$/Oz) | 36.08 | -0.14 | 9.43 | 24.96 | 23.87 |
| Silver (Rs/Kg) | 105720.00 | -1.04 | 8.71 | 23.14 | 20.36 |
| Source: Refinitiv | | _ | | | |



INR

• The rupee weakened against the U.S. dollar due to lingering concerns over the conflict in the Middle East. Although strong foreign institutional investors (FII) inflows provided some support, geopolitical tensions continued to exert pressure on the currency. However, losses were limited by concerns over the future independence of the U.S. Federal Reserve. Additionally, a decline in crude oil prices helped provide some upward momentum.

EURO

• The euro strengthened against the U.S. dollar, driven by concerns over the independence of the U.S. Federal Reserve. The currency also gained following the announcement of a ceasefire between Israel and Iran, which triggered a risk rally and a sharp decline in oil prices. Further support for the euro came from renewed tariff concerns and softer U.S. inflation data for May 2025.

Crude

Brent crude oil prices rose as fears of a potential war between Israel and Iran sparked concerns over supply disruptions, sharply shifting investor sentiment toward energy assets. Prices climbed further as markets evaluated the outcome of the U.S.—China trade talks. Additionally, crude prices found support after the U.S. payroll report for May 2025 indicated underlying resilience in the labor market. However, gains were later capped following a sharp selloff triggered by the Iran—Israel ceasefire. The easing of geopolitical tensions also lowered risk premiums, contributing to the decline. Furthermore, prices fell amid uncertainty surrounding the status of Tehran's nuclear program.

Gold

• Gold prices rose after Israel launched pre-emptive airstrikes against Iran, triggering renewed safe-haven demand. The rally was further supported by trade uncertainties, escalating U.S.-Iran tensions, softer-than-expected U.S. CPI data for May 2025, and growing expectations of two Federal Reserve rate cuts by year-end all of which bolstered demand for the precious metal. However, gains were capped following the U.S. President's announcement of a ceasefire between Israel and Iran, which diminished bullion's safe-haven appeal. Additionally, prices declined as investors took profits after recent highs.



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All information mentioned in this document pertains to the month ended June 30, 2025.

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