



BUILT ON RULES

Debt Market & Macro Economic Update

December 2025

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TOPIC

DEBT MARKET UPDATE

India Government Bond Market Overview

Global Government Bond Yield Trends

MACRO ECONOMIC UPDATE

Currency, Energy, and Commodity Analysis

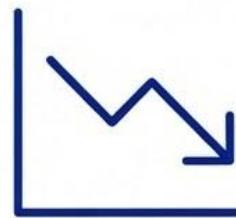
Inflation Trends: CPI and WPI

Economic Growth and Industrial Production

Fiscal Dynamics and Balance of Payments



Global bond yields showing
stabilization trends



India yields softening
across maturities



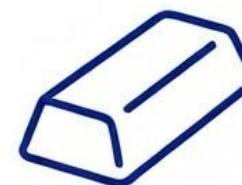
Significant cooling in
headline inflation



Robust expansion in industrial
and service sectors



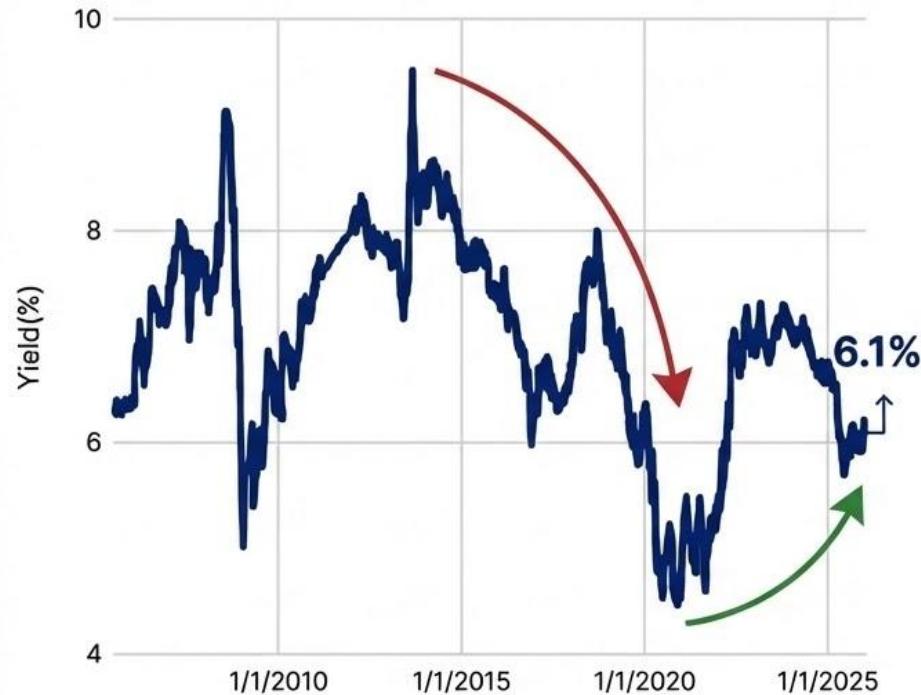
Strong GDP growth and
tax collections



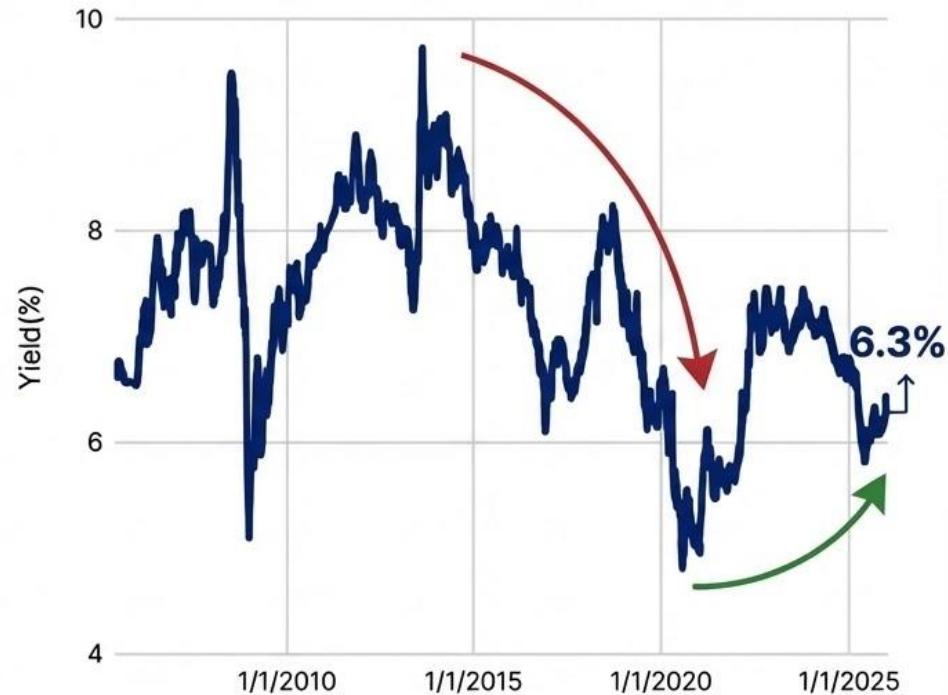
Commodities showing mixed
but distinct trends

DEBT MARKET UPDATE

India 3-Year Gov. Bond Yield (%)



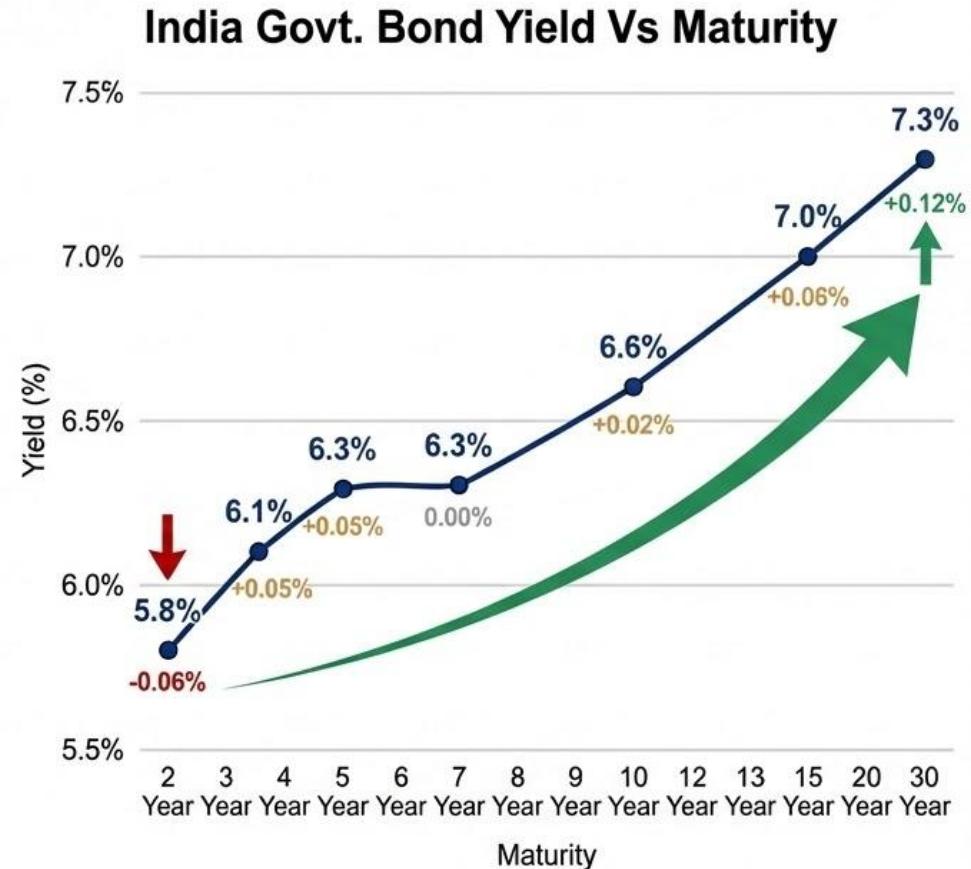
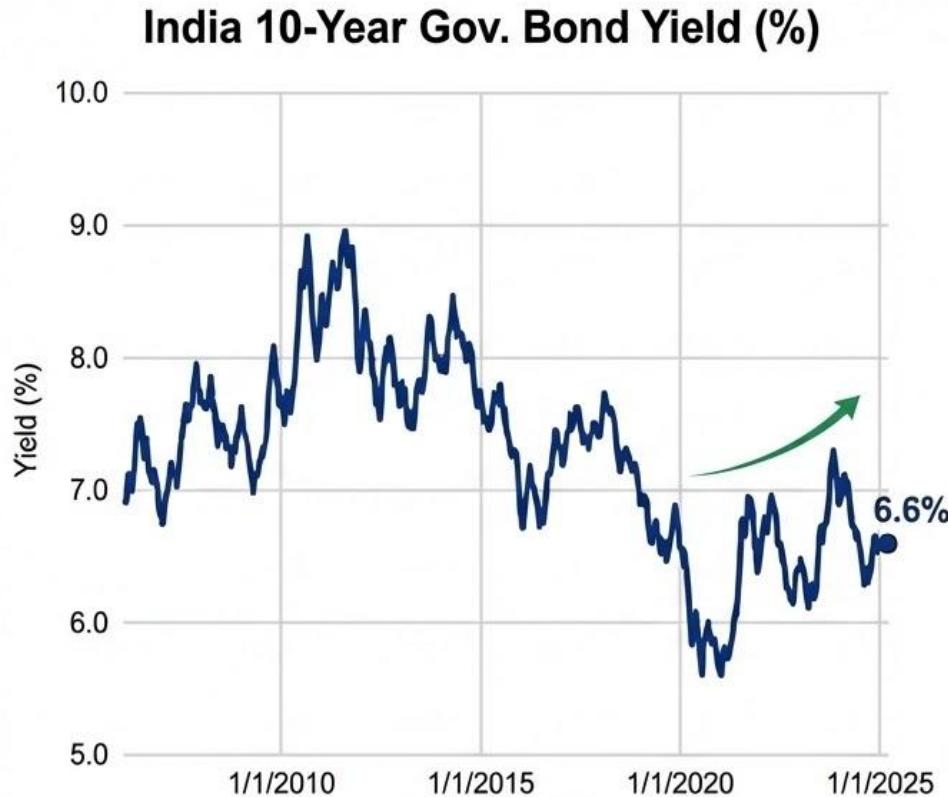
India 5-Year Gov. Bond Yield (%)



Key Highlights

India 3-Year Government Bond Yield at 6.07% ~71 bps from 1-year peak of 6.78%, reflecting easing rate expectations and improved short-term rate visibility.
 India 5-Year Government Bond Yield at 6.31%: down ~40 bps from the 1-year high of 6.71%, indicating moderation in medium-term rate outlook and a softer belly of the curve.

Source: Bloomberg | Between 31st December 2005 - 31st December 2025



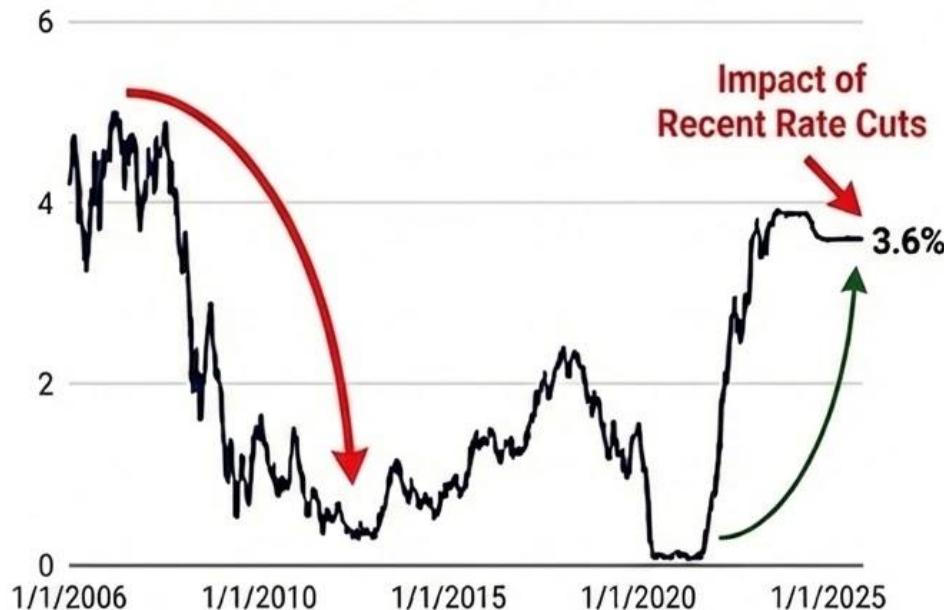
Key Highlights

Benchmark 10-Year yield stands at 6.6%. The yield curve remains positively sloped, with the 2Y–30Y spread at ~150 bps (from 5.8% to 7.3%) and the spread widening by 18 bps over the period shown.

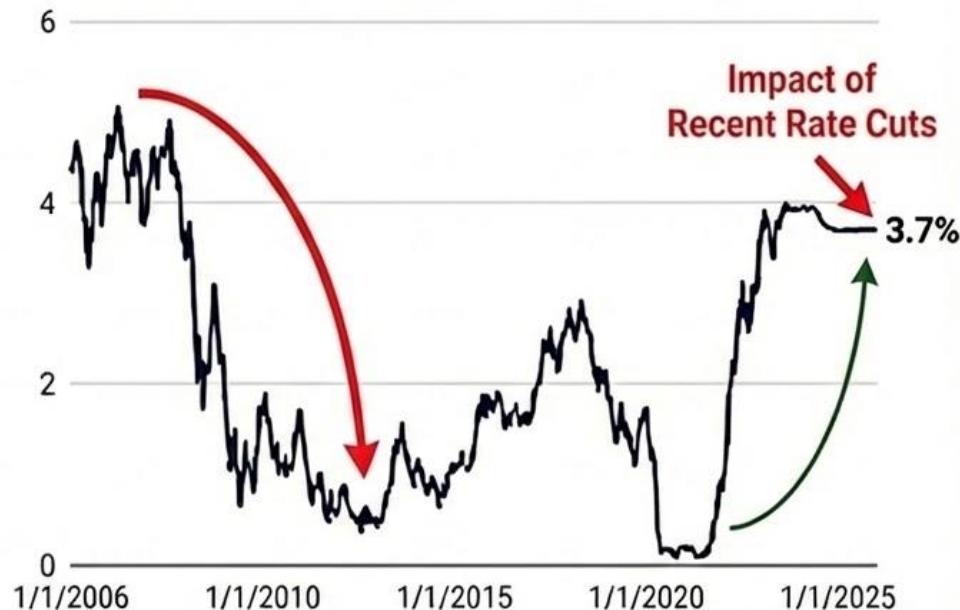
Source: Bloomberg | Between 31st December 2005 - 31st December 2025

Source: Bloomberg. Yield is as of 31st December 2025. Change in Yield (%) is calculated as the difference in the yields as on 30th November 2025 and 31st December 2025.

US 3-Year Treasury Yield (%)



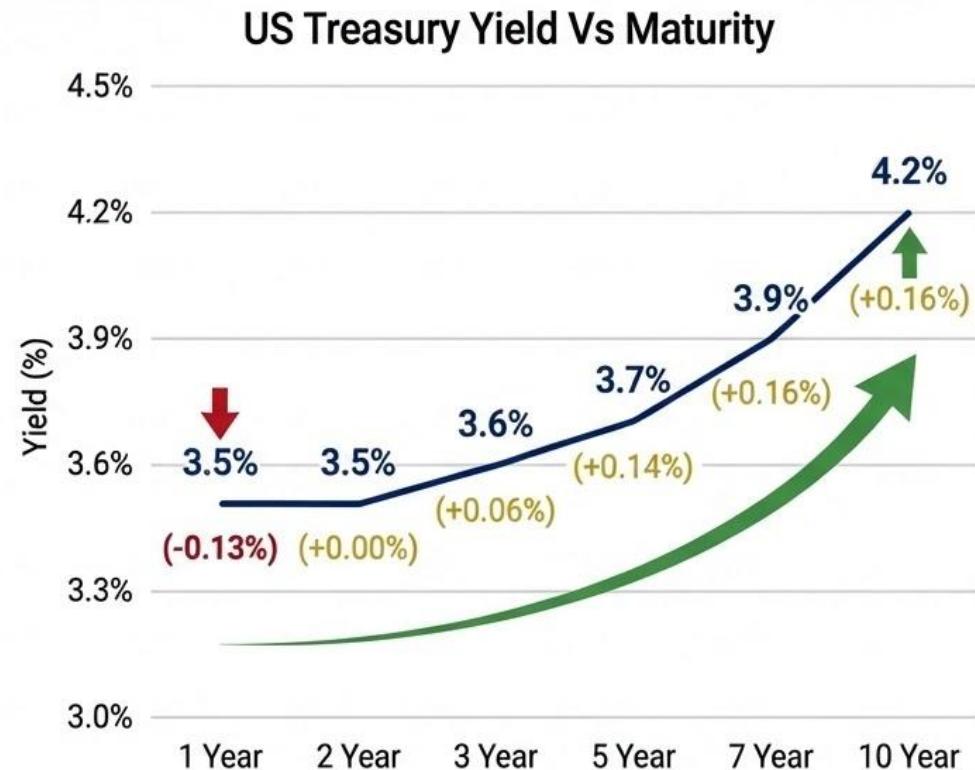
US 5-Year Treasury Yield (%)



Key Highlights

- US 3-year and 5-year Treasury yields have been highly volatile, falling near 0% in 2020 before surging in 2022–23.
- After recent rate cuts, yields eased from roughly 4.5%–4.7% to about 3.6% (3Y) and 3.7% (5Y), and are now expected to stabilize around 3.5%–4.0% through 2025.

Source: Bloomberg | Between 31st December 2005 - 31st December 2025



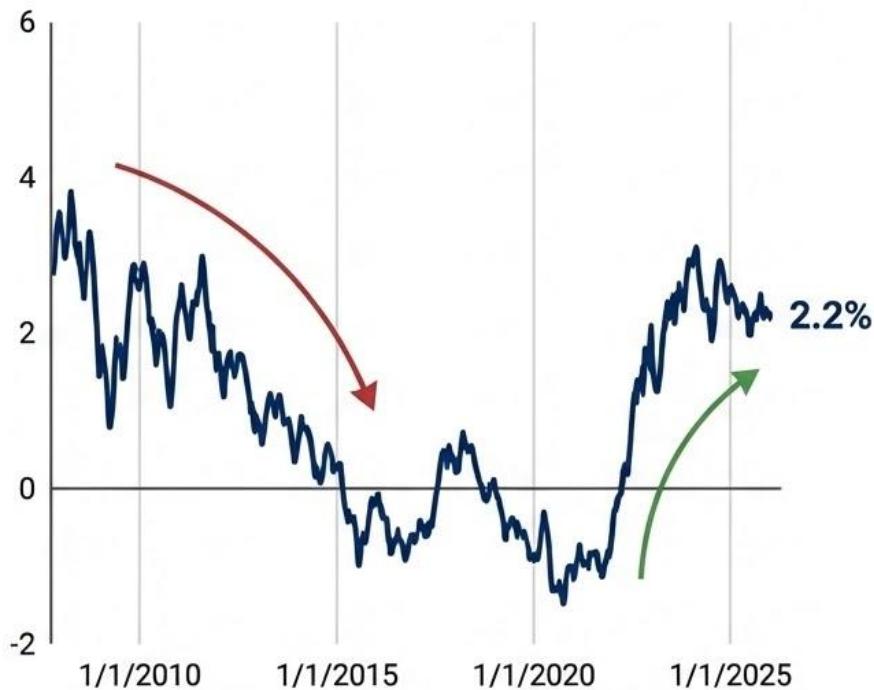
Key Highlights

The 10-Year benchmark yield ends 2025 at 4.2%, confirming a shift toward higher long-term financing costs. The yield curve exhibits a positive slope, with a 70 basis point spread between the 1-Year/2-Year lows (3.5%) and the 10-Year high (4.2%).

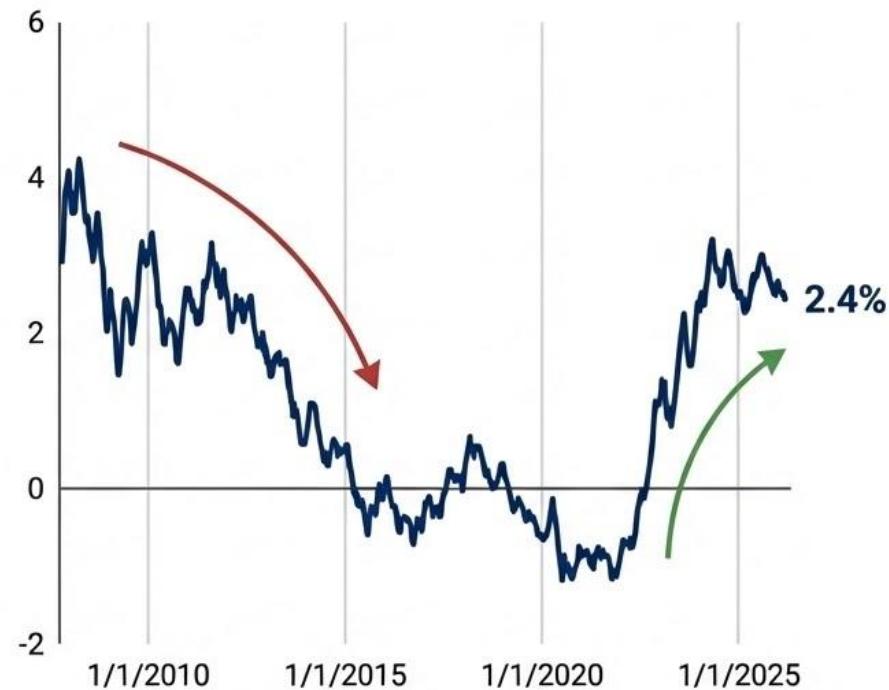
Source: Bloomberg | Between 31st December 2005 - 31st December 2025

Source: Bloomberg. Yield is as of 31st December 2025. Change in Yield (%) is calculated as the difference in the yields as on 30th November 2025 and 31st December 2025.

Euro Generic Govt Bond 3-Year Yield (%)



Euro Generic Govt Bond 5-Year Yield (%)

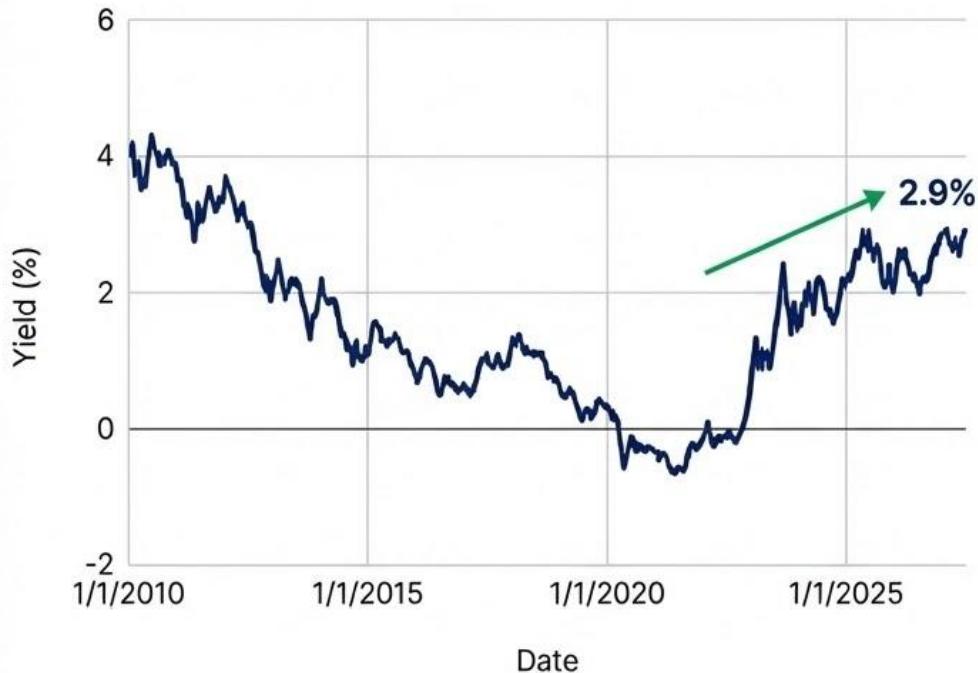


Key Highlights

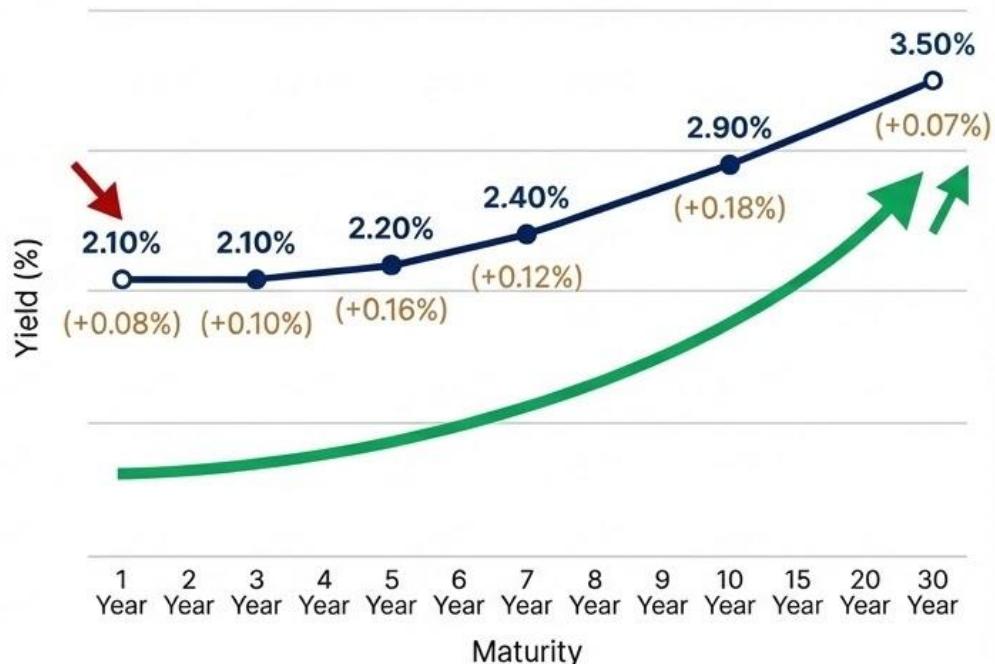
Short and medium-term yields have stabilized following the post-2022 volatility. The 3-Year yield closed the period at 2.2%, while the 5-Year yield ended slightly higher at 2.4%, reflecting a normalized positive spread between the two maturities.

Source: Bloomberg | Between 31st December 2005 - 31st December 2025

Euro Generic Govt Bond 10-Year Yield (%)



Europe Gov. Bond Yield Vs Maturity



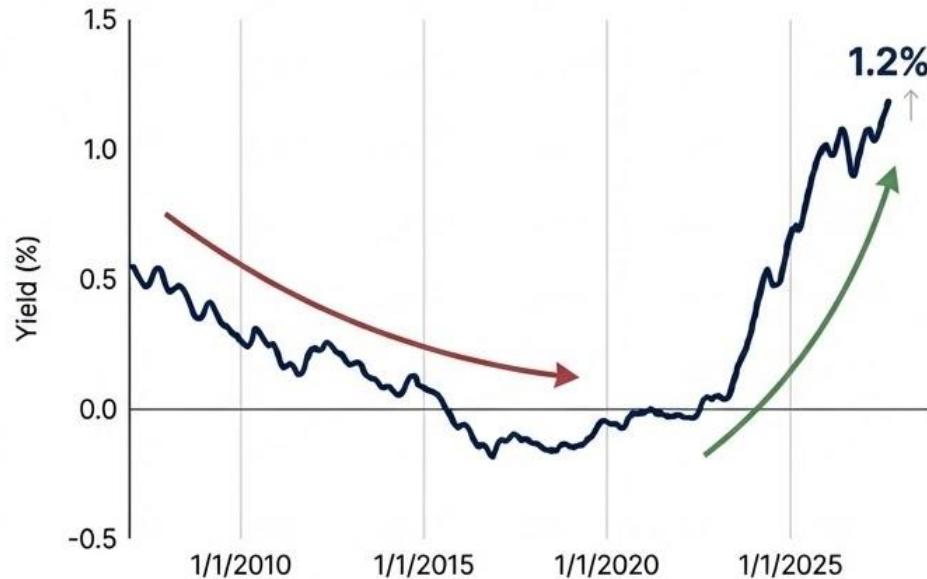
Key Highlights

10-Year Yields follow the broader macro recovery trend, ending 2025 at approximately 2.9%, maintaining a spread over shorter maturities. The Yield Curve exhibits a normalized upward slope, widening from 2.10% at the short end (1-Year) to a peak of 3.50% at the long end (30-Year), reflecting a positive term premium.

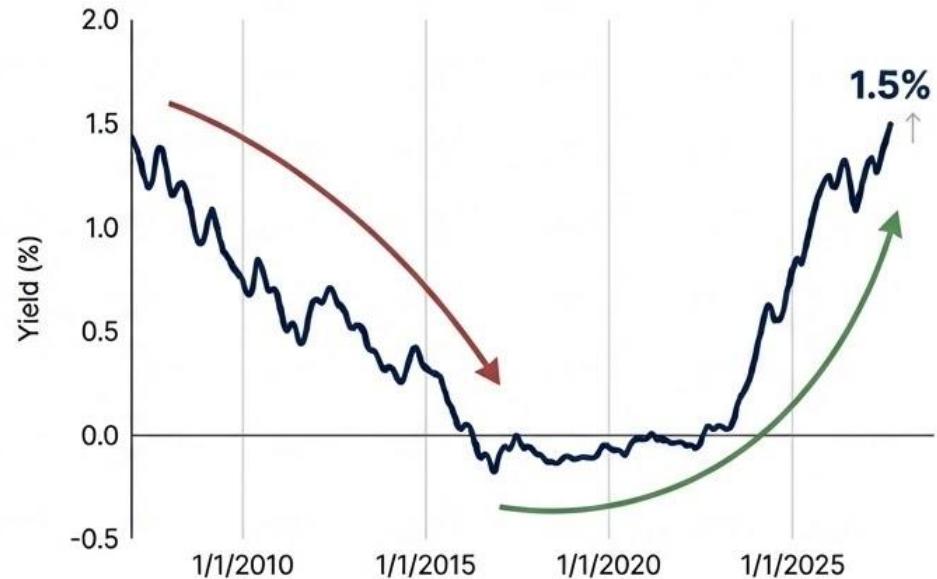
Source: Bloomberg | Between 31st December 2005 - 31st December 2025

Source: Bloomberg. Yield is as of 31st December 2025. Change in Yield (%) is calculated as the difference in the yields as on 30th November 2025 and 31st December 2025.

Japan 3-Year Gov. Bond Yield (%)



Japan 5-Year Gov. Bond Yield (%)

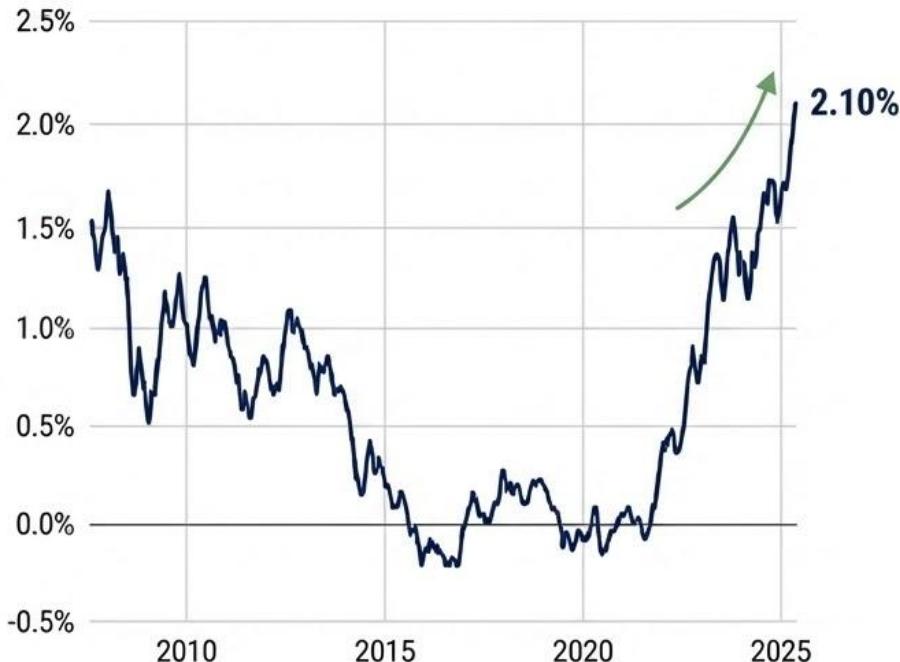


Key Highlights

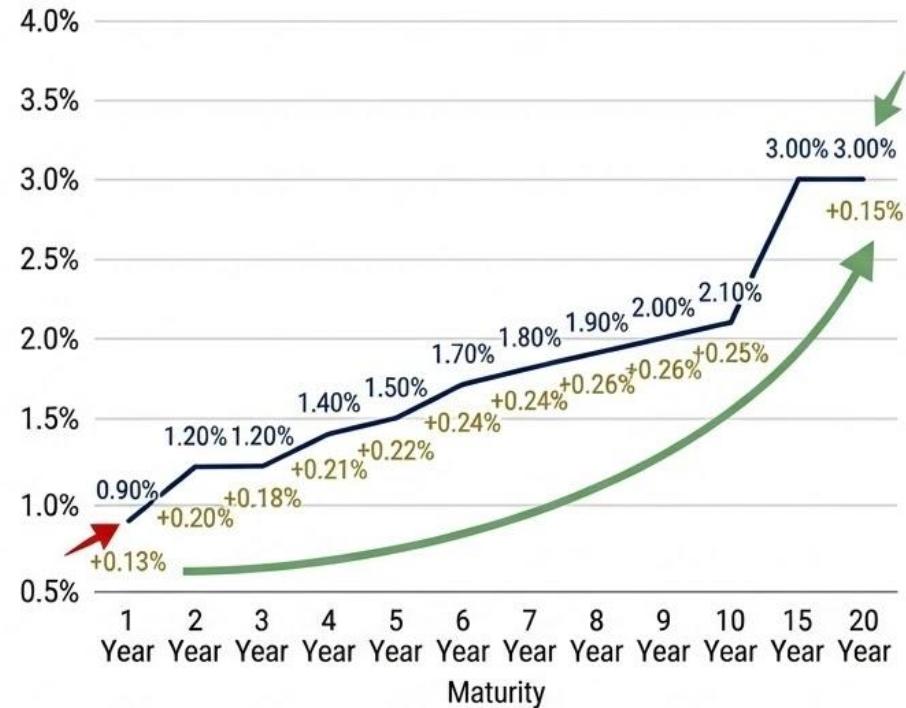
- Japan 3-Year Government Bond Yields closed at 1.2% as of December 31, 2025, showing a significant upward trend from previous lows.
- Japan 5-Year Government Bond Yields reached 1.5% by the end of 2025, reflecting a tightening monetary environment compared to the negative yields observed in the mid-2010s.

Source: Bloomberg | Between 31st December 2005 - 31st December 2025

Japan 10-Year Gov. Bond Yield (%)



Japan Gov. Bond Yield Vs Maturity



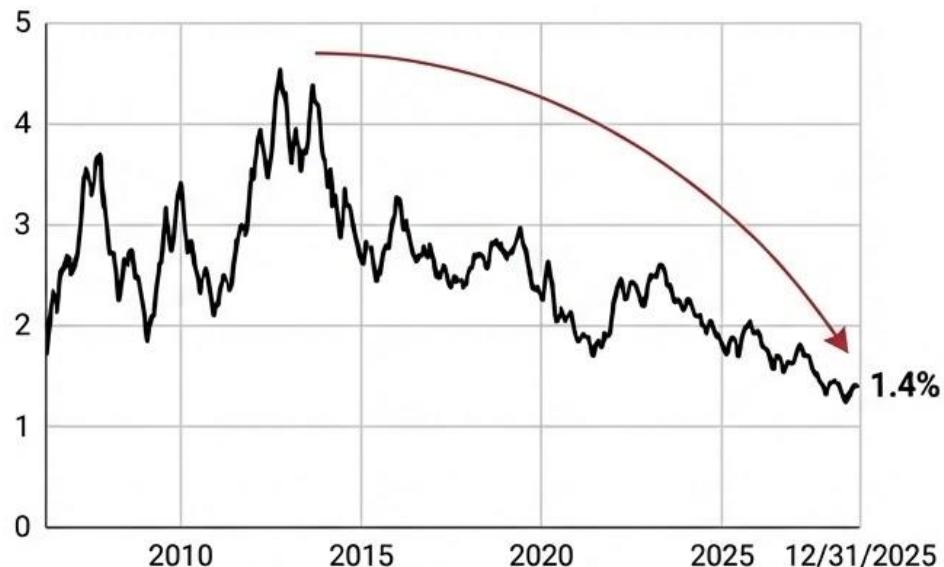
Key Highlights

- The benchmark 10-Year Government Bond Yield reaches 2.10% by end of 2025, continuing the broader market trend (↑).
- The Yield Curve demonstrates structural growth across all maturities, with significant positive shifts in yield ranging from +0.13% (1 Year) to +0.26% (15 Year).

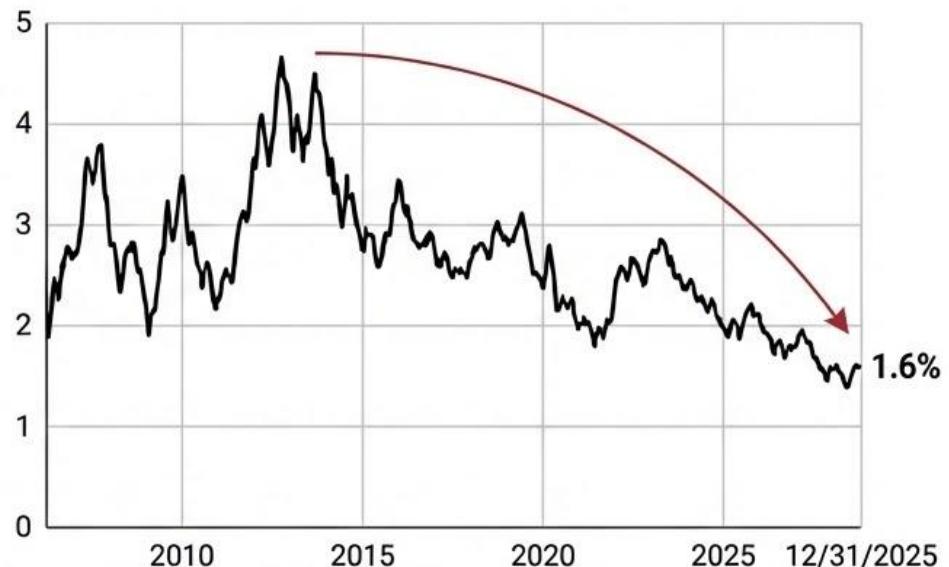
Source: Bloomberg | Between 31st December 2005 - 31st December 2025

Source: Bloomberg. Yield is as of 31st December 2025. Change in Yield (%) is calculated as the difference in the yields as on 30th November 2025 and 31st December 2025.

China 3-Year Gov. Bond Yield (%)



China 5-Year Gov. Bond Yield (%)

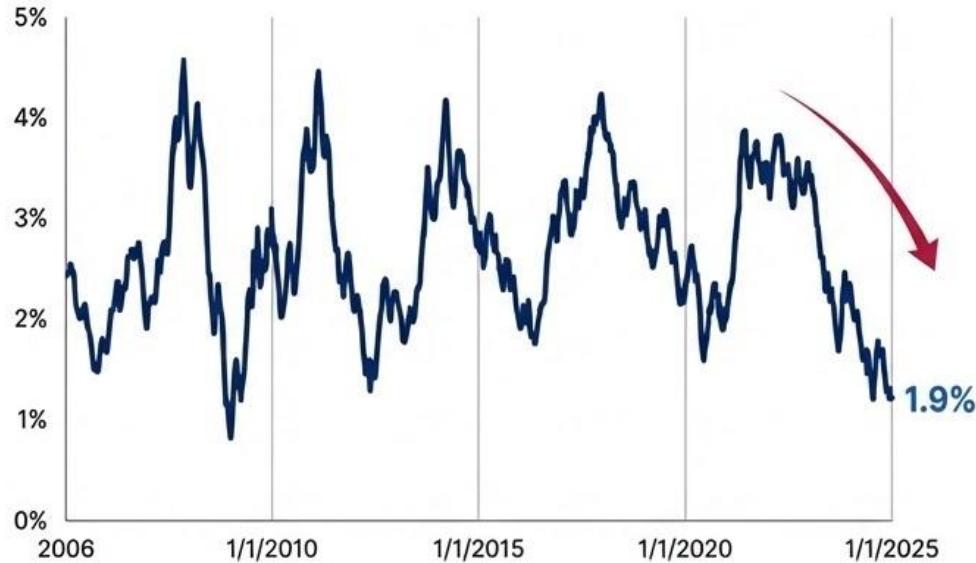


Key Highlights

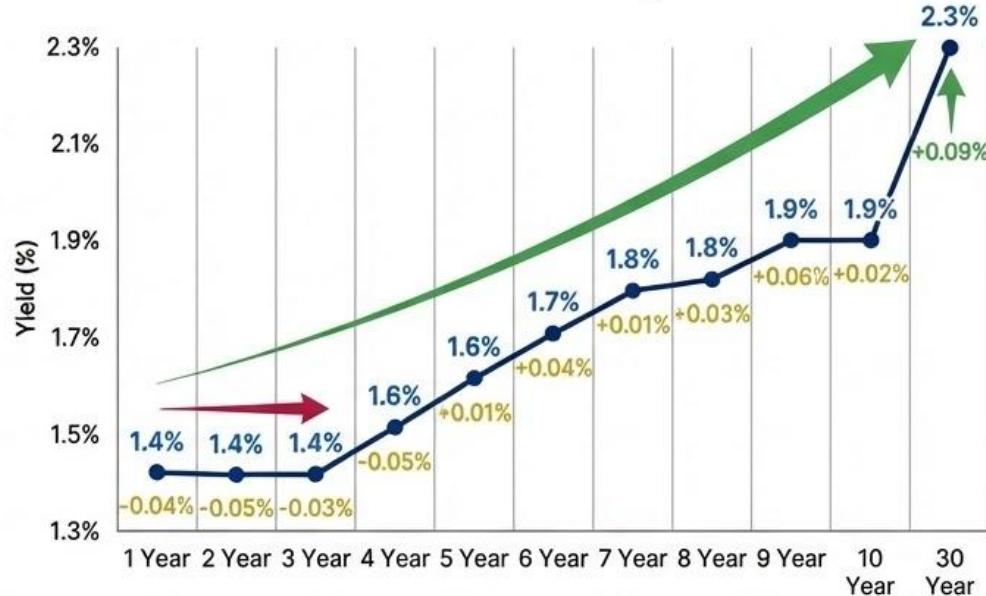
- China 3-Year Government Bond Yield closed at 1.4% on December 31, 2025, reflecting a sustained downward trajectory (↓).
- China 5-Year Government Bond Yield ended the period at 1.6% (↓).
- Yields across short-to-medium tenors demonstrate significant compression from historical highs observed in the 2013-2014 cycle.

Source: Bloomberg | Between 31st December 2005 - 31st December 2025

China 10-Year Gov. Bond Yield (%)



China Gov. Bond Yield Vs Maturity



Key Highlights

- The benchmark 10-Year Yield concludes 2025 at 1.9%, reflecting the broader declining yield environment (↓).
- The Yield Curve remains positive and upward sloping, with a 90 basis point spread between 1-Year (1.4%) and 30-Year (2.3%) maturities (↑).
- Longer-dated maturities (5Y through 30Y) show positive yield changes, contrasting with yield compression at the short end (1Y-4Y).

Source: Bloomberg | Between 31st December 2005 - 31st December 2025

Source: Bloomberg. Yield is as of 31st December 2025. Change in Yield (%) is calculated as the difference in the yields as on 30th November 2025 and 31st December 2025.

MACRO ECONOMIC UPDATE

INR/USD Rate



Brent Crude



MCX Gold Index (INR / 10 gm)

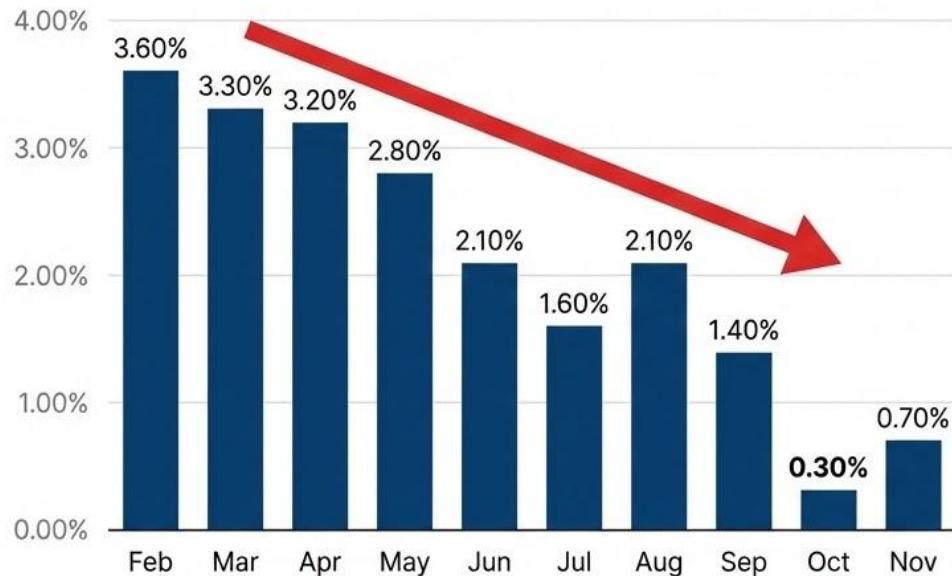


Key Highlights

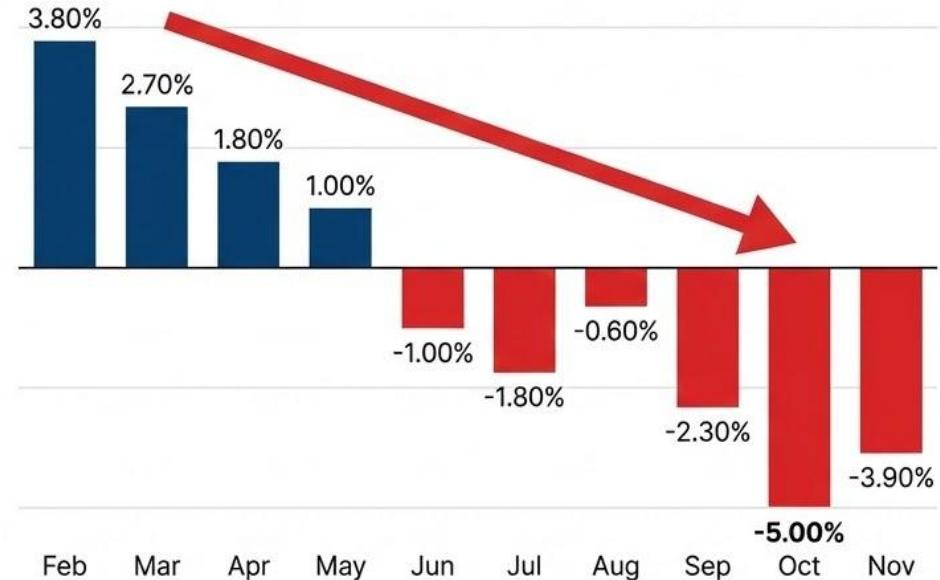
- INR/USD rate projects a consistent upward trend, depreciating to 89.9 by the end of 2025 (↑).
- Brent Crude prices stabilize significantly, dropping from a 2008 peak of 137.7 to 62.4 by Dec 2025 (↓).
- MCX Gold demonstrates the most aggressive growth, surging to 132,640 INR/10gm as a primary store of value (↑).

Source: Bloomberg | Between 31st December 2005 - 31st December 2025

India CPI Combined YoY



India Combined Food CPI YoY

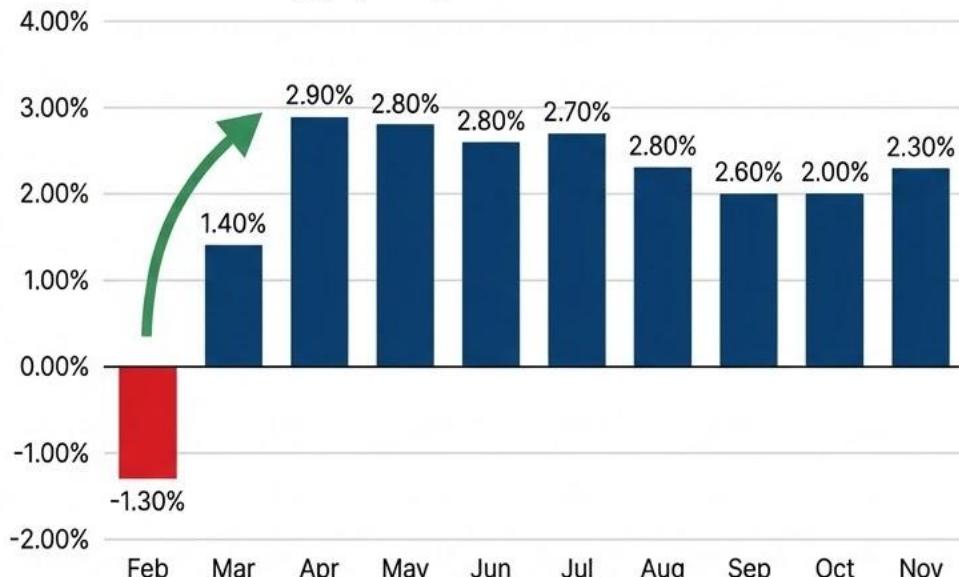


Key Highlights

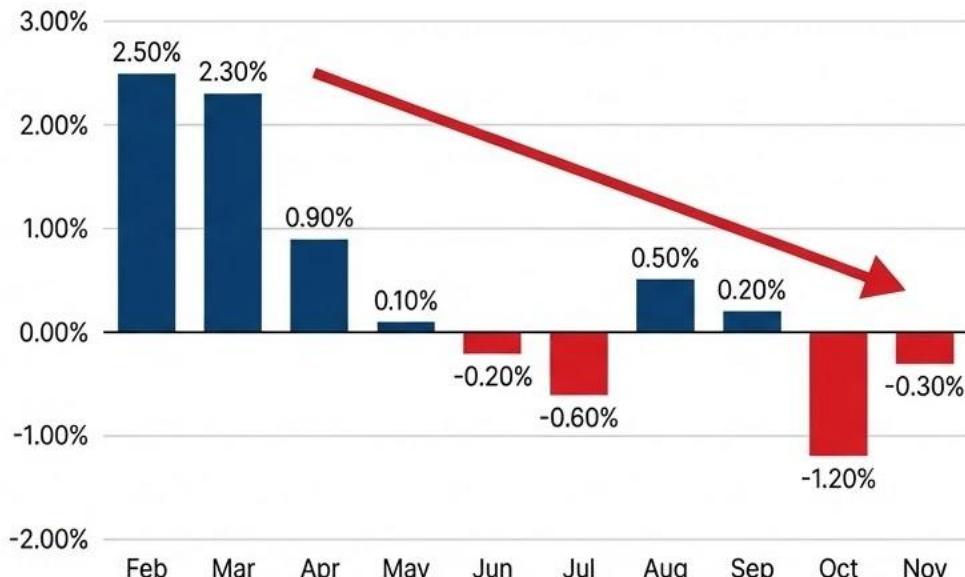
Headline inflation ↓ cools significantly from **3.60%** in Feb to a low of **0.30%** in Oct. This trend is anchored by a sharp reversal in Food CPI, which shifts from growth to contraction starting **June 2025** (-1.00%), reaching deep deflation of **-5.00%** in October ↓.

Source: Bloomberg, Central Statistical office of India | February 2025 - November 2025

India CPI - Energy (YoY)



India Wholesale Price Index All Commodities YoY



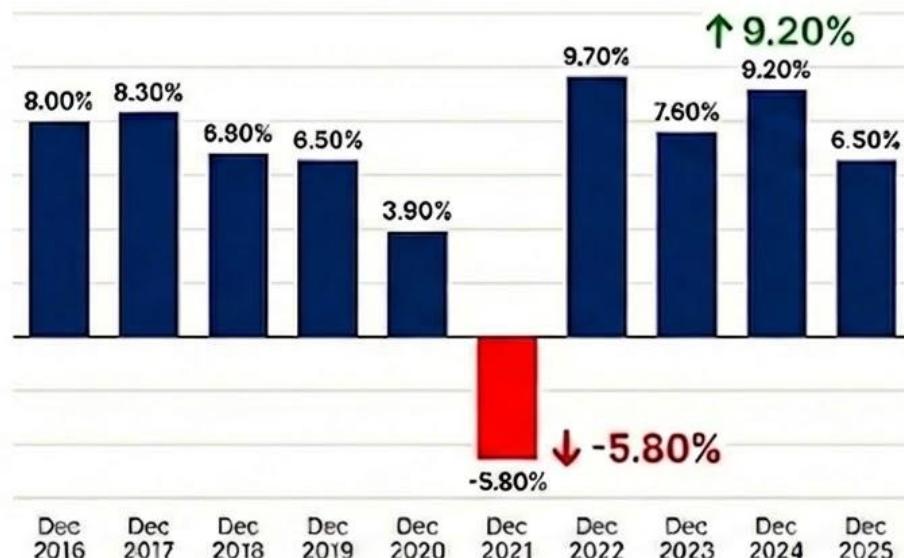
Key Highlights

Energy CPI \uparrow rebounds from -1.30% in Feb and stays between 2.00% - 2.90% after that. WPI All Commodities remains low, hovering around zero and dropping into negative territory (-0.20% to -1.20%) during Jun-Jul and Oct-Nov \downarrow .

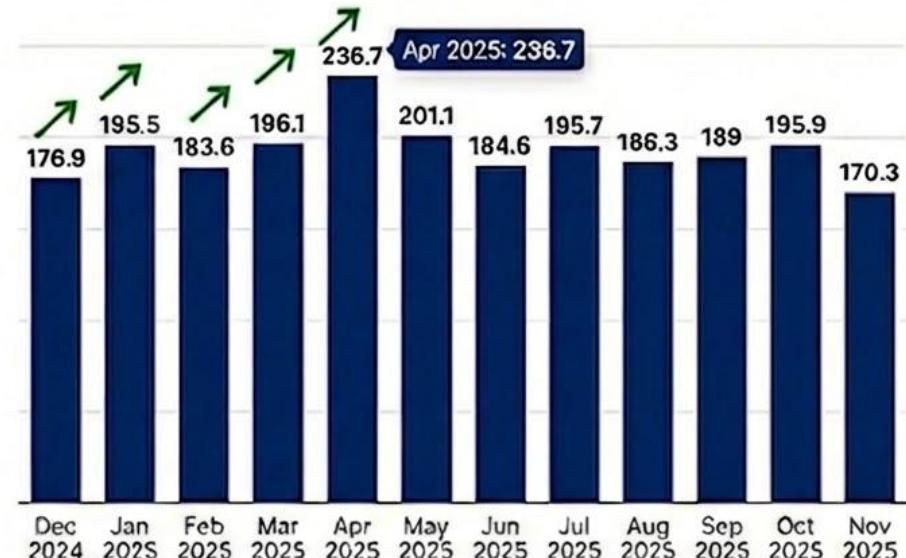
Source: Bloomberg, Central Statistical office of India | February 2025 - November 2025

Source: Bloomberg, Ministry of Statistics and Programme Implementation (MOSPI) | February 2025 - November 2025

India Annual GDP Constant 2011-12 Prices YoY



Monthly GST Collection (INR Thousand Crore)



Key Highlights

- GDP demonstrates strong structural recovery, rebounding from -5.80% contraction (⬇) in 2021 to stable 6.50% growth (⬆) projected for 2025.
- GST collections exhibit seasonal momentum, peaking in April 2025 at INR 236.7 Thousand Crore; the recent dip in Nov 2025 is driven by GST rate cuts & slab restructuring and post-festive demand cooling.

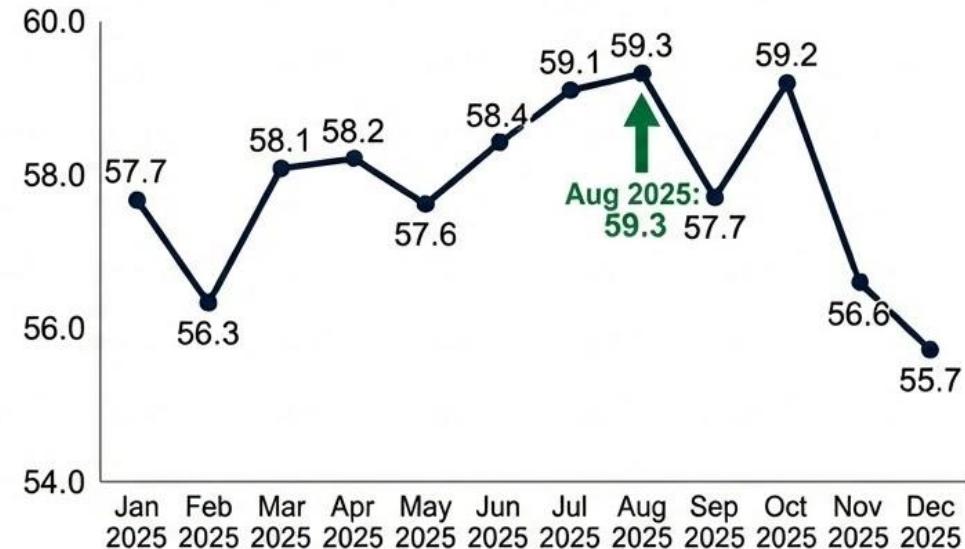
Source: Bloomberg, Central Statistical office of India, CMIE | Dec 2016 - Dec 2025

Source: Bloomberg, Press Information Bureau of India, Official website of GST | December 2024 - November 2025

India Industrial Production (YoY)



India Manufacturing PMI



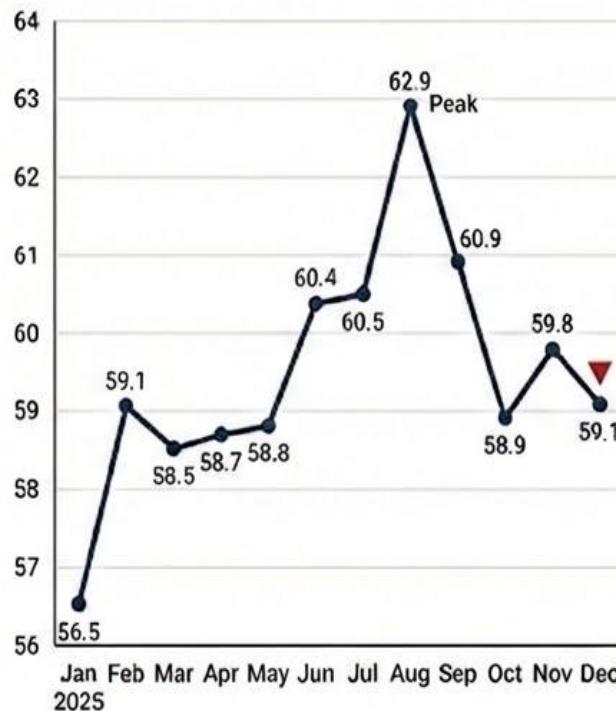
Key Highlights

- Industrial Production remains volatile, dipping to 0.50% in October (⬇) before staging a sharp rebound to 6.70% in November (⬆).
- Manufacturing sector reflects sustained optimism, with PMI consistently staying in the expansion zone (>50) and peaking at 59.3 in August (⬆).

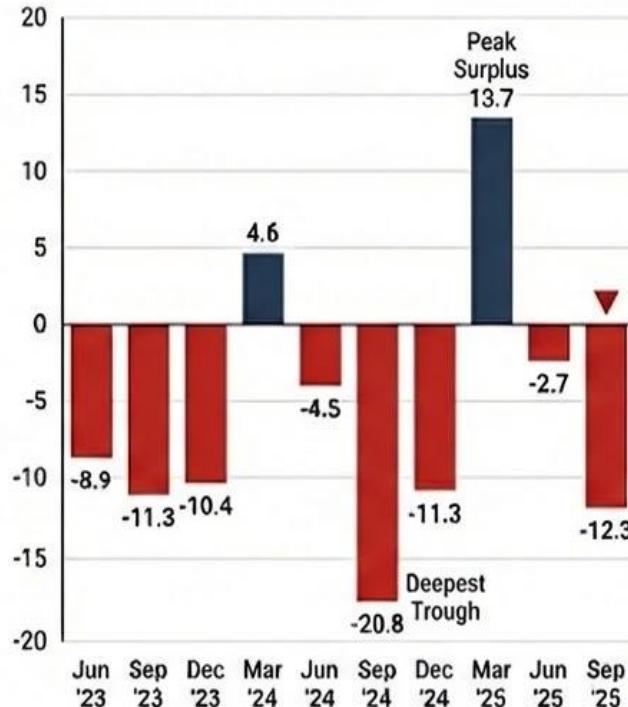
Source: Bloomberg, Central Statistical office of India | December 2024 - November 2025

Source: Bloomberg, S&P Global | January 2025 - December 2025

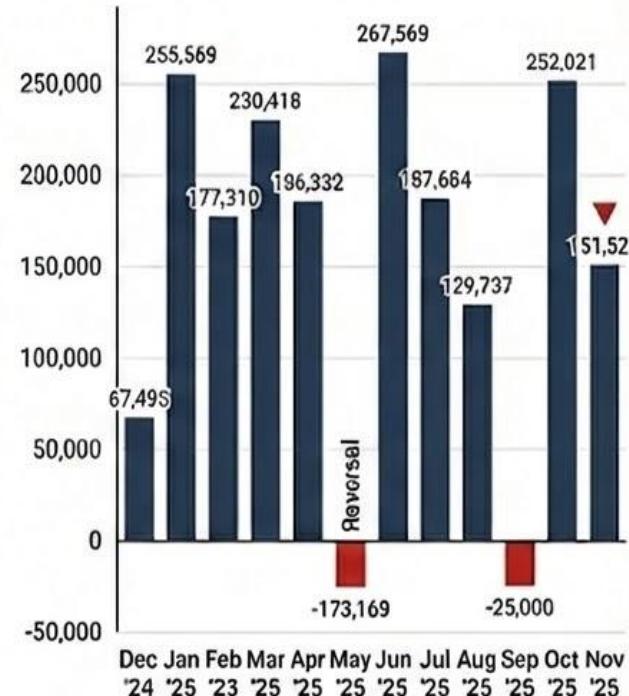
India Services PMI



India Balance of Payments Current Account



India Govt Finances Fiscal Deficit



Key Highlights

- Services Activity:** PMI maintained a robust expansionary trajectory throughout 2025, consistently staying above 56.5 and reaching a year-high peak of 62.9 in August.
- External Balance:** The Current Account displayed marked cyclicity, recording surpluses only in the March quarters (4.6 in 2024 and 13.7 in 2025), while deficits persisted in all other periods, deepening to -20.8 in Sep 2024.
- Fiscal Volatility:** Government finances showed significant variance, with deficits peaking at 267,569 in June 2025.



Yield Stability: After the post-2020 hiking cycle, recent rate cuts are helping global and domestic yields settle down from earlier volatility.



Inflation Control: Cooling food prices and softer headline inflation are reinforcing macro stability.



Growth Story: India's GDP recovery remains structurally strong and well-supported.



Safe Havens: Metals are regaining shine, with gold continuing to strengthen as a preferred store of value.



Sector Optimism: The services sector continues to signal sustained expansion and confidence.



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