

SEPTEMBER 13TH , 2025

WEEKLY NEWSLETTER

RISK SENTIMENT RECOVERS AS MARKET SEES FASTER FED EASING



The US August CPI print was in line this week, **while the US PPI surprised on the downside**. The market is pricing in a cut at each of the next 3 Fed meetings this year. The market is seeing a terminal rate of around 3% getting reached somewhere around the end of 2026. **The ECB kept rates on hold** and suggested that it wouldn't cut further unless there is a major weakness in the Eurozone economy.

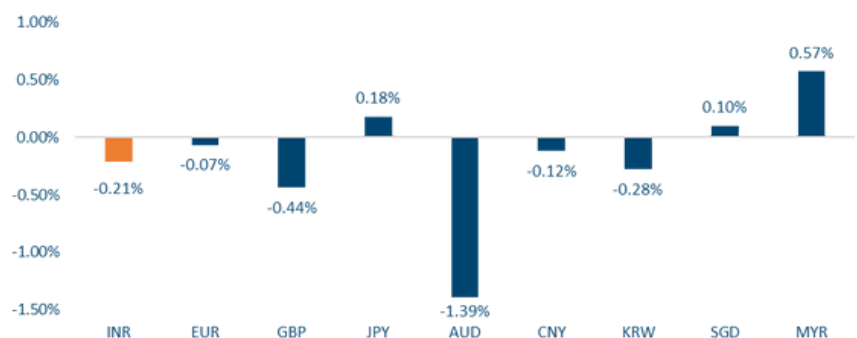
The key event to look forward to next week will be the Fed rate decision on Wednesday. The BoE rate decision is due on Thursday, and the BoJ on Friday. It was a steady week in terms of price action. Risk assets generally had a strong week. Equities globally did well. Base Metals gained as well. Oracle shares were in the limelight this week after the company reported tremendous demand for its cloud services.

Foreign Exchange

G10 currencies posted broad gains against the Dollar this week, led by NOK (+1.8%), AUD (+1.4%), and NZD (+1.1%), while CAD (-0.1%) and JPY (-0.2%) slipped marginally. Asian peers also strengthened, with THB (+1.5%) and TWD (+1.3%) outperforming, though KRW (-0.5%) and PHP (-0.4%) declined. Rupee traded in a 87.96-88.46 range during the week and ended onshore at 88.28, almost unchanged from the previous week. Even NDF implied spot ended at 88.28 in offshore.

Forwards remained supported as markets priced in faster Fed cuts, with implied yields rising from 1.8% (1m) to 3.3% (5y). 1m to 1y ATMF vol curve is in 3.80-4%. FX Reserves rose USD 4bn in the week ending 5th September to 698.3bn. Equity MFs saw net inflow for the 54th straight month (Rs 33430 crs in August). Midcap MFs saw the biggest ever inflow of Rs 5331crs in August.

Weekly % change in Currencies



[Subscribe to our Daily Reports Here!](#)

ifaglobal.net

Fixed Income

Domestic August CPI print came in at 2.07%, in line with expectations

Yield on the US 2y treasury moved up 5bps to 3.56% and that on 10y ended 1bps lower at 4.06% this week. 10y Yields across the Eurozone and UK were up anywhere between 5-10bps. **France 10y saw the biggest rise of 10bps as the government lost a confidence vote on the passage of budget reforms.** Yield on the domestic benchmark 10y traded a 6.44-6.53% range and ended at 6.49%, 2.5bps higher than the previous week.

1y OIS is at 5.47% and 5y is at 5.69%. Overnight call rate fixings have been below the Repo rate this week. Banking system liquidity is in surplus of around Rs 2.8 lakh crores. 1y T-bill is at 5.65%, 1y CD at 6.46%. 10y AAA PSU spread over Gsec is 52bps and that of 10y AAA NBFC is around 79bps

FPIs have invested net USD 200mn in domestic debt in September so far

Option Structures for Exporter Importer

Importer Option Strategy (Seagull)

Spot ref 88.30
Tenor 3m
Buy call Atmf (88.74)
Sell put 87.80
Sell call 89.70
Net Zero cost



Commodities

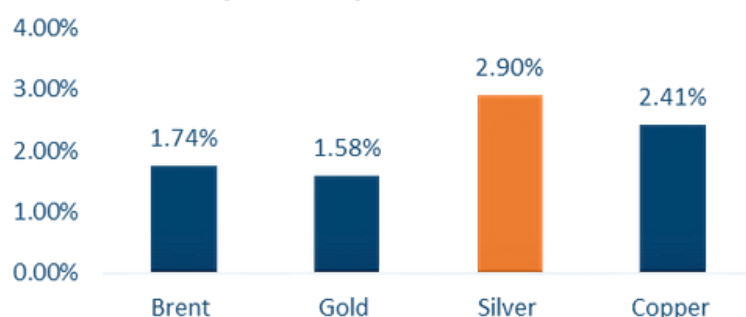
OPEC+ agreed to further increase production from October. This kept a lid on Crude prices despite Israel's attack on Hamas officials in Qatar

Base Metals, particularly Copper, saw some positive traction this week.

Precious metals continued their uptrend amid overall Dollar weakness.

Below is how major global commodities moved this week.

Weekly Change in Commodities



Exporter Option Strategy (KIKO)

Spot Ref 88.30
Atmf 89.24
Buy put with eko at 85.50
Sell call with eki at 91.50
Net Zero cost



Our Views: What we like?

FX

We continue to be in the camp of Dollar weakness. The Dollar weakness is likely to be less pronounced against EM currencies. The rupee is likely to continue to underperform. RBI may use the Rupee as a release valve to offset the impact of tariffs. We expect gradual, non-disruptive depreciation over the medium term. (Expected range 87.60-88.90 over the next 6 months). **We believe the Rupee will continue to remain under pressure as long as 87.75 does not get broken again on the downside.**

Fixed Income

We continue to remain bullish on US treasuries as faster cuts get priced in, given the deterioration in US labor market conditions and stable inflation. **We had highlighted in our previous reports that 6.60% on 10y is a good level to add duration to the portfolio. We continue to believe so.** We believe dips towards 5.65% on 5y OIS would be good levels to pay.

Commodities

We continue to remain bullish on precious metals given our view of the overall weak Dollar. We are more bullish on Silver than on Gold. The move in base Metals this week is encouraging, and we could see some positive traction there. We remain neutral on Brent.

Contact Us:

+91 86557 85089 | dhruvi.ghosalkar@ifaglobal.net

**The views and opinions expressed above are for informational purposes only and should not be construed as investment advice.*