

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.30	3
US 2Y*	3.98	4
Germany 10Y	2.87	-2
UK 10Y	4.72	4
Japan 10Y	1.49	-3

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
6.75% GS 2029*	6.60	0
6.79% GS 2034* (10Y)	6.68	-1
6.92% GS 2039*	6.84	-2
1-Month T-bill	6.49	12
3-Month T-bill	6.48	1
6-Month T-bill	6.59	3
12-Month T-bill	6.56	10

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	95	98	46	91
AA	174	184	131	175
A	364	374	324	373

Source: FIMMDA, as on 11 Mar, 2025

Key rates:

Policy	Rate (in %)
Repo rate	6.25
Standing Deposit Facility Rate	6.00
Bank rate	6.50
1-year median MCLR of SCBs	9.05
SOFR	4.32

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	140.3	6.27
Triparty Repo	4,022.2	6.13
Market Repo	1,739.1	6.30
Repo in corporate bond	24.3	6.43

Source: RBI, as of 12 Mar, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	74,030	-0.1
NIFTY	22,471	-0.1
NASDAQ	17,648	1.2
S&P 500	5,599	0.5
Nikkei 225	36,819	0.1
Euro Stoxx 50	5,359	0.9

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	71.1	1.7
Natural gas Nymex (USD/MMBtu)	4.1	-6.5
Gold Comex (USD/t oz.)	2,950.9	1.1
Copper Comex (USD/lb)	486.5	1.6
Wheat cbot (USD/bu.)	557.0	-0.6

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.21	0.0
GBP/ INR	113.05	0.2
EUR/ INR	94.90	-0.1
EUR/USD	1.09	-0.1
DX Index	103.61	0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; US: PPI Feb'25, Initial Jobless Claims, IEA Monthly Report

News:

Domestic:

CPI falls within RBI's target in Feb'25 (Source: PIB): CPI dipped to 7-month low of 3.6% y/y in Feb'25, from 4.3% in Jan'25, below expectations. Food prices rose by 3.8% y/y in Feb'25 (Jan'25: 5.7%), with vegetable and pulses becoming cheaper, while fuel and light also continued their fall. Notably, core CPI grew 4% in Feb'25 from 3.7% in Jan'25, driven by rising prices of personal care.

Manufacturing drives IIP growth in Jan'25 (Source: PIB): IIP rose 5% y/y in Jan'25, from 3.5% y/y in Dec'24, driven by 5.5% y/y growth in manufacturing (Dec'24: 3.6% y/y), while mining and electricity rose at a slower pace of 4.4% y/y and 2.4% y/y respectively. On use-based classification, capital goods rose 7.8% y/y, consumer durables rose 7.2% y/y and infrastructure goods rose 7% y/y in Jan'25.

Mutual fund flows slow in Feb'25, SIPs dip to 3-month lows (Source: AMFI): MF inflows slowed to Rs. 400 bn in Feb'25, from Rs. 1.8 trn in Jan'25, driven by slowdown in debt funds. Debt funds saw mild outflows of Rs. 65 bn in Feb'25, while equity funds saw inflows of Rs. 294 bn driven by sectoral funds and revival of small and mid-cap funds. Notably, SIP flows fell to 3-month low of Rs. 259 bn in Feb'25.

FY26 State Budget for Madhya Pradesh presented (Source: Government of Madhya Pradesh):

- Revenue receipts are estimated at Rs. 2.91 trn in FY26BE, which is 10% above FY25BE. No new taxes are introduced
- Total expenditure is expected to clock Rs. 3.75 trn, which is up a strong 15%. The surge is led by a 31% increase in capex to Rs. 851 bn, while revex is set to grow at a mellower 11% to Rs. 2.90 trn. Rs. 187 bn is allocated to MMLBY and Rs. 171 bn to JJM. Rs. 53 bn has been set aside for free electricity to farmers
- While the State has a revenue surplus, fiscal deficit is expected to come in at Rs. 789 bn or 4.66% in FY26BE (FY25RE: 4.15%). This will be met by a public debt of Rs. 788 bn in FY26
- Nominal GDP is projected to expand by 12.6% in FY26

OMO and VRR auctions conducted successfully (Source: RBI):

- 1-day VRR worth Rs. 181 bn were auctioned against a notified amount of Rs. 500 bn at a cut-off rate of 6.26%.
- G-Sec worth Rs. 500 bn were purchased under OMO auctions, with bids worth Rs. 1.26 trn received. Notably, 7.10% GS 2029 worth Rs. 152 bn and 7.41% GS 2036 worth Rs. 118 bn were purchased.

International:

Easing prices bodes well for US Fed's mandate (Source: US BLS): US CPI grew 2.8% y/y in Feb'25, from 3% y/y in Jan'25, driven by easing of services prices has been the key concern of US Fed, with core easing to 3.1% y/y in Feb'25 (Jan'25: 3.3% y/y). Notably, transportation prices eased to 6% y/y in Feb'25 (Jan'25: 8% y/y), shelter cooled to 4.2% y/y in Feb'25 (Jan'25: 4.4% y/y), while energy prices remained flat

Global protectionism intensifies with imposition of retaliatory tariffs (Source: Reuters, Bloomberg, EC):

- In response to US tariff imposition on EU's steel and aluminium worth EUR 8 bn, EU has responded with countermeasures impacting US goods worth EUR 26 bn, citing being open for negotiations
- Canada has announced retaliatory tariffs worth CAD 30 bn on US goods targeting computers, sports equipments and cast iron.
- POTUS Mr. Trump retaliated with threats of additional penalties on nations enacting counter tariff measures.
- US Commerce Secretary Mr. Lutnick exclaimed that tariffs on aluminium and steel would continue until US production is strengthened.

Contd...

Mar 13, 2025

SBICAPS Daily Digest

Global oil demand set to grow at a robust pace in near future (Source: OPEC): World oil demand is set to grow to 105.2 mbpd in CY25 and to 106.63 mbpd in CY26, from 103.75 mbpd in CY24, unchanged from previous estimates, driven by strong air travel demand, road mobility, construction and agriculture. India is set to grow 4.3% y/y to 5.8 mbpd in CY25 and 4.7% y/y to 6.1 mbpd in CY26 driven by continuation in economic activity.

ECB official wary of global volatility stoking inflation risks (Source: Reuters): Ms. Lagarde interjected that Eurozone is facing exceptional shocks that amplify inflation volatility, signalling intent to double down on 2% target.

Bank of Canada cuts policy rates, warns of trade wars (Source: Reuters): Bank of Canada cut its policy rate by 25 bps to 2.75%, citing to proceed cautiously on further changes, amidst concerns on higher cost pressures, weaker demand with a backdrop of trade uncertainty.

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