

19 May 2025

The Daily Digest

| Foreign G-Sec Bond Yield | | |
|--------------------------|--------------|-----------------|
| G-sec | Yield (in %) | 1D Change (bps) |
| US 10Y* | 4.48 | 5 |
| US 2Y* | 4.00 | 5 |
| Germany 10Y | 2.59 | -3 |
| UK 10Y | 4.65 | -1 |
| Japan 10Y | 1.44 | -2 |

Source: Bloomberg, *semi-annual

| G-sec yield | | |
|----------------------|--------------|-----------------|
| G- Sec | Yield (in %) | 1D Change (bps) |
| 6.75% GS 2029* | 5.96 | 0 |
| 6.33% GS 2035* (10Y) | 6.22 | -1 |
| 6.92% GS 2039* | 6.40 | 0 |
| 1-Month T-bill | 5.76 | -3 |
| 3-Month T-bill | 5.77 | -3 |
| 6-Month T-bill | 5.77 | -2 |
| 12-Month T-bill | 5.77 | -3 |

Source: CCLIL, Bloomberg, *semi-annual

| Spreads in bps for Corporates | | | | |
|-------------------------------|--------|--------|--------|---------|
| Annualized Spreads | 3-year | 5-year | 7-year | 10-year |
| AAA | 86 | 75 | 63 | 67 |
| AA | 166 | 160 | 150 | 157 |
| A | 360 | 350 | 341 | 350 |

Source: FIMMDA, as on 15 May, 2025

| Key rates | |
|--------------------------------|-------------|
| Policy | Rate (in %) |
| Repo rate | 6.00 |
| Standing Deposit Facility Rate | 5.75 |
| Bank rate | 6.25 |
| 1-year median MCLR of SCBs | 9.00 |
| SOFR | 4.31 |

Source: RBI, Federal Reserve Bank of New York

| Money Market instruments (Term segment) | | |
|---|--------------------|-----------------------|
| Instrument | Volume (in Rs. Bn) | Weighted Avg Rate (%) |
| Notice Money | 149.4 | 5.84 |
| Term Money | 5.0 | - |
| Triparty Repo | 3,959.4 | 5.64 |
| Market Repo | 1,913.4 | 5.65 |
| Repo in corporate bond | 0.0 | NA |

Source: RBI, as of 16 May, 2025

| Major Equity Indices | | |
|----------------------|--------|---------------|
| Indices | Last | 1D Change (%) |
| BSE SENSEX | 82,331 | -0.2 |
| NIFTY | 25,020 | -0.2 |
| NASDAQ | 19,211 | 0.5 |
| S&P 500 | 5,958 | 0.7 |
| Nikkei 225 | 37,754 | 0.0 |
| Euro Stoxx 50 | 5,428 | 0.3 |

Source: Google Finance

| Commodities futures | | |
|-------------------------------|---------|---------------|
| Commodities | Last | 1D Change (%) |
| Brent Crude (USD/bbl) | 65.4 | 1.3 |
| Natural gas Nymex (USD/MMBtu) | 3.3 | -0.6 |
| Gold Comex (USD/t oz.) | 3,187.2 | -1.2 |
| Copper Comex (USD/lb) | 459.4 | -1.7 |
| Wheat cbot (USD/bu.) | 525.0 | -1.4 |

Source: Bloomberg

| Exchange Rates | | |
|----------------|--------|---------------|
| Currency pair | Rate | 1D Change (%) |
| USD/ INR | 85.52 | 0.0 |
| GBP/ INR | 113.70 | 0.1 |
| EUR/ INR | 95.31 | -0.4 |
| EUR/USD | 1.12 | -0.4 |
| DXI Index | 100.98 | 0.1 |

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: VRR auction; **China:** Industrial Production Apr'25, Retail Sales Apr'25; **Eurozone:** CPI Apr'25

Domestic

POTUS claims India has offered to cut US tariffs (Source: Reuters): Mr. Trump said that India's deal proposed to cut all its tariffs on US goods but downplayed any sense of urgency to reach trade agreement. He also mentioned he is seeking to slash barriers to US exports and gave mixed signals on how close a deal could be.

RBI to discuss liquidity management with lenders (Source: ET): As per media sources, the RBI will likely discuss continuation of the overnight weighted average call rate as the target of its liquidity operations and monetary policy.

RBI seeks nod for bigger contingent risk buffer band (Source: BS): As per media sources, the RBI has sought Union's approval for the same. The buffer is at 5.5-6.5% of the RBI's balance sheet. A higher risk buffer would mean a lower amount of transferable surplus.

States' capex growth slows in FY25 (Source: FE): States' capex of 16 states accounting 85% of GDP likely grew 9% y/y to Rs. 6.6 trn in FY25, down from 27% in FY24, as they aimed to maintain fiscal deficit at 3% of GSDP amid slower tax revenue growth. Public investment was subdued due to elections and rains.

Coal imports fall in FY25 (Source: ET): Coal imports saw a slight decrease of 1.7% y/y in FY25 totalling 263.6 mn tonne. Non-coking coal imports over the period stood at 167.1 mn tonne from 176 mn tonne while coking coal slipped to 54.1 mn tonne from 57.2 mn tonne.

International

Moody's downgrades US sovereign credit rating (Source: ET): Moody's Ratings has downgraded the rating by one notch from Aaa to Aa1, citing concerns over rising debt of USD 36 trn and persistent deficits. It added that fiscal proposals are unlikely to reduce deficit and estimates the Federal debt burden would rise to about 134% of GDP by CY35, compared with 98% in CY24.

Foreign holdings of US treasuries soar in Mar'25 (Source: CNBC): Holdings of US Treasuries surged by 12% y/y to USD 9.05 trn in Mar'25, an all-time peak, as demand for US government debt remained robust. However, China reduced its stash of Treasuries to USD 765.4 bn in Mar'25, down from USD 784.3 bn in Feb'25.

Countries indicate willingness to negotiate on trade (Source: Bloomberg):

- The US is planning to put Chinese chip making companies on an export blacklist, but it may delay it to not jeopardise the trade talk
- Chinese media commented that the 90-day tariff truce is too short, and it should extend far beyond that period
- US VP Mr. Vance commented that US seeks long term trade negotiations with EU

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- Vietnam stepped up talks with the US to reduce hefty 46% tariffs and symbolised commitment to foster a stable trade relationship

China metrics show moderate growth in Apr'25 (Source: Bloomberg):

- China's industrial production output climbed by 6.6% y/y in Apr'25 driven by equipment and high tech manufacturing
- Fixed asset investments rose by 4% in Apr'25
- Retail sales of consumer goods expanded 5.1% y/y in Apr'25
- New home prices dropped by 4%y/y in Apr'25 whereas used home prices fell by 6.8%

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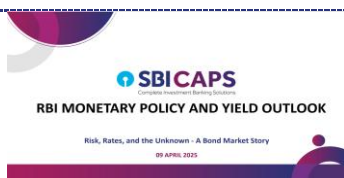


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