

26 May 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.51	-1
US 2Y*	3.99	1
Germany 10Y	2.56	-8
UK 10Y	4.68	-7
Japan 10Y	1.52	-3

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	5.85	-5
6.33% GS 2035* (10Y)	6.21	-2
6.92% GS 2039*	6.39	-2
1-Month T-bill	5.72	-3
3-Month T-bill	5.64	-41
6-Month T-bill	5.47	-21
12-Month T-bill	5.66	-1

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	102	115	108	55
AA	182	200	195	149
A	376	390	386	342

Source: FIMMDA, as on 22 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	4.26

Source: RBI, Federal Reserve Bank of New York

Money Market instruments		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	178.7	5.85
Triparty Repo	4,074.1	5.77
Market Repo	1,810.5	5.81
Repo in corporate bond	13.1	5.94

Source: RBI, as of 23 May, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	81,721	0.9
NIFTY	24,853	1.0
NASDAQ	18,737	-1.0
S&P 500	5,802	-0.7
Nikkei 225	37,160	0.5
Euro Stoxx 50	5,326	-1.8

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	64.8	1.3
Natural gas Nymex (USD/MMBtu)	3.3	1.8
Gold Comex (USD/t oz.)	3,394.5	2.2
Copper Comex (USD/lb)	483.7	3.2
Wheat cbot (USD/bu.)	542.5	0.0

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.22	-0.9
GBP/ INR	115.06	-0.4
EUR/ INR	96.75	-0.5
EUR/USD	1.14	0.4
DXY Index	99.10	-0.9

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: VRR auction

Domestic

RBI approves dividend for FY25 and tweaks Economic Capital Framework (Source: RBI): RBI approved the transfer of Rs. 2.68 trn as surplus to Union for FY25, higher 27% y/y. Major changes to ECF framework includes changed to market risk calculations to include off-balance sheet portfolio, while contingent risk buffer would be maintained at 7.5% in FY25, from 6.5% in FY24.

RBI considers expanding function as lender of last resorts (Source: BS): According to media sources, RBI is preparing for the possibility of lending to NBFCs, MFIs and mutual funds during times extreme liquidity crunch, ensuring survival of lending markets during crises.

SEBI relaxes norms for AIF investments (Source: BS): SEBI has relaxed investment norms for Category 2 AIFs, allowing them to invest in listed debt securities with credit rating of 'A' or below, as a previous regulation change restricted the supply of unlisted NCDs.

RBI Governor deliberates on economy and path of policy (Source: TOI): Mr. Malhotra envisages domestic economic growth to be the fastest in the world for the next decade to come. He foresees limited tariff impact but urged firms to diversify their supply chains. He reiterated that further policy moves would entail cut or pause, while committing to alleviate any forex volatility. He was sanguine on high real deposit rates in falling interest rate environment, aiding banks.

Union mulls allowing foreign bids for government contracts (Source: Mint): According to media sources, Union is likely to allow US firms to bid for government procurement contracts worth over USD 50 bn, with similar terms being extended to the UK under the FTA. Further trading partners could be allowed in a phased and reciprocal manner

International

US-EU trade deal tussle takes a sharp turn (Source: Reuters): Mr. Trump had called for 50% tariffs on EU, while pushing EU to cut duties or face added tariffs, considering slow negotiations. Mr. Bessent sees several hundred billion USD worth tariff revenue, while claiming EU is slow to respond to talks, with Mr. Greer agreeing. However, the pause was extended till 9 Jul'25 after EC's Ms. von der Leyen and Mr. Sefcovic called for increased talks.

US Fed officials highlight stress in economy (Source: Bloomberg):

- Mr. Goolsbee feels that bar for near-term rate cuts is higher as uncertainty clouds judgement on inflation impact of tariff
- Mr. Schmid is looking at hard data for rate decisions as uncertainty clouds judgement.
- Ms. Cook is seeing stress in low-income households and CRE markets, leading to potential loss to lenders.
- Mr. Musalem is wary of inflation being above target, even though GDP growth remains close to potential

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POTUS signs legislation to overhaul nuclear power sector (Source: CNBC): Mr. Trump signed executive orders overhauling the Nuclear Regulatory Commission and speeding the deployment of new small and advanced nuclear reactors, while also aiming to jump-start uranium mining and enrichment capacities in the US

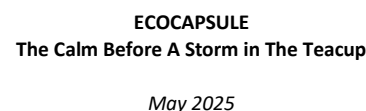
Germany's economy grows above expectations in Q1CY25 (Source: CNBC): Germany's GDP grew 0.4% q/q in Q1CY25, from 0.2% q/q in Q4CY24 amidst expectations of similar growth, driven by exports and industry front-loading in anticipation of US tariffs.

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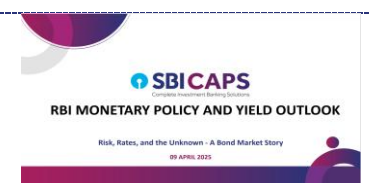


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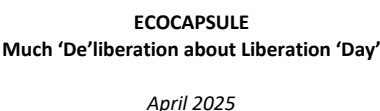
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