

27 May 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.49	-2
US 2Y*	3.98	-1
Germany 10Y	2.56	0
UK 10Y	4.68	0
Japan 10Y	1.47	-5

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	5.84	-1
6.33% GS 2035* (10Y)	6.20	-1
6.92% GS 2039*	6.39	0
1-Month T-bill	5.65	-7
3-Month T-bill	5.65	1
6-Month T-bill	5.65	18
12-Month T-bill	5.62	-4

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	108	90	111	86
AA	188	175	198	176
A	382	365	389	369

Source: FIMMDA, as on 23 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	176.8	5.81
Triparty Repo	3,875.1	5.73
Market Repo	1,848.4	5.77
Repo in corporate bond	20.0	5.93

Source: RBI, as of 26 May, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	82,176	0.6
NIFTY	25,001	0.6
NASDAQ	18,737	0.0
S&P 500	5,803	-0.7
Nikkei 225	37,440	0.8
Euro Stoxx 50	5,395	1.3

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	64.6	-0.3
Natural gas Nymex (USD/MMBtu)	3.3	-1.5
Gold Comex (USD/t oz.)	3,369.0	-0.8
Copper Comex (USD/lb)	480.8	-0.6
Wheat cbot (USD/bu.)	541.5	-0.2

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.09	-0.1
GBP/ INR	115.40	0.3
EUR/ INR	96.86	0.1
EUR/USD	1.14	0.3
DXY Index	98.88	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: SGS and VRR auctions; **US:** Durable Goods Orders Apr'25; **China:** Industrial Profit Apr'25

Domestic

RBI seeks Union nod for overseas INR lending (Source: ET): According to media sources, RBI is seeking Union approval to allow domestic banks to lend in INR to overseas borrowers, starting with neighbouring countries initially, to promote internationalization of the INR, reduce reliance on currency swaps and facilitate trade settlements while mitigating volatility.

RBI tightens provisioning norms for NBFC-Fintech collaborations (Source: ET): According to media sources, RBI has directed finance companies to exclude default loss guarantees (DLG) provided by fintech firms while making provisions for stressed loans, to encourage NBFCs to strengthen their underwriting.

Arrival of US officials could expedite trade talks (Source: CNBC-TV18): According to media sources, US trade officials could arrive soon to finalize an interim deal, entailing goods and digital services, before a full deal by end of CY25, as reciprocal tariff pause approaches conclusion.

NITI Aayog suggests measures to prop up medium enterprises (Source: FE): A report underscored challenges faced by medium enterprises, more so than smaller ones, including constrained access to financial products and fewer PSL disbursements leading to credit gap of USD 10 bn in CY24. Suggested targeted initiatives include loans at concessional rates, turnover linked working capital financing schemes and Rs. 50 mn credit card facility to bridge the funding gap.

Seasonal uptick in MFI disbursements masks AUM woes (Source: BS): According to CRIF report, MFI disbursements rose 12.2% q/q in Q4FY25 to Rs. 717 bn driven by seasonal factors, albeit slumping 38% y/y. Consequently, gross loan portfolio shrunk 14% y/y to Rs. 3.81 trn in FY25.

Union restores benefit scheme for export push (Source: BS): Union announced that Remission of Duties and Taxes on Exported Products (RoDTEP) scheme has been restored for units operating under Advance Authorization, EOUs and SEZs, wef 1 Jun'25, providing refunds of 0.3% - 4.3% for exporters not rebated under other schemes

International

Chinese industrial profits unfazed by trade tensions (Source: Reuters): China's industrial profits rose 1.4% y/y in 4MCY25 to CNY 2.1 trn, driven by momentum in Apr'25 and Mar'25. Notably, profits at state owned firms fell 4.4% y/y in 4MCY25, while that of private sector rose 4.3% y/y and foreign firms posted 2.5% y/y rise in profits.

BoJ Governor highlights intentions of raising policy rate further (Source: CNBC): Mr. Ueda indicated that the BoJ is eyeing more rate

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hikes if growth remains on expected trajectory, as inflation is forecasted to sustainably move towards 2% target in H2CY25, with significant expected decline in food inflation

The globe fast paces its de-dollarisation intent (Source: Business Times, WSJ):

- According to media sources, the PBoC has raised the floor ratio for CNY denominated transactions to 40% from 25% as part of adjustment to Macro Prudential Assessment
- ECB Chief Ms. Lagarde opined that the recent erratic US economic policies has opened the opportunity for EUR to take over the USD as the dominant global currency

US Fed official delves into possible inflationary impact of tariffs (Source: Bloomberg): Mr. Kashkari firmly stated that tariffs would lead to stagflationary shocks, while adding that the magnitude depends on the rate and the time period of levies.

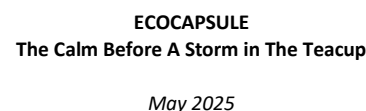
EU spokesperson endorses quick negotiations with US (Source: Bloomberg): EC spokesperson Ms. Pinho interjected that US-Eurozone policymakers have agreed to fast-track trade negotiations, signalling amicable relationship between the advanced nations.

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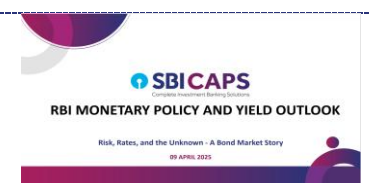


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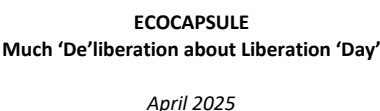
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