

28 May 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.46	-3
US 2Y*	3.96	-2
Germany 10Y	2.53	-3
UK 10Y	4.66	-2
Japan 10Y	1.49	2

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	5.85	1
6.33% GS 2035* (10Y)	6.20	0
6.92% GS 2039*	6.39	0
1-Month T-bill	5.67	2
3-Month T-bill	5.63	-2
6-Month T-bill	5.65	0
12-Month T-bill	5.63	1

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	107	97	111	110
AA	187	182	198	200
A	381	372	389	393

Source: FIMMDA, as on 26 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	161.2	5.80
Triparty Repo	4,020.9	5.70
Market Repo	1,749.8	5.73
Repo in corporate bond	17.9	5.90

Source: RBI, as of 27 May, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	81,552	-0.8
NIFTY	24,826	-0.7
NASDAQ	19,199	2.5
S&P 500	5,922	2.0
Nikkei 225	37,724	0.5
Euro Stoxx 50	5,415	0.4

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	64.4	-0.2
Natural gas Nymex (USD/MMBtu)	3.4	4.0
Gold Comex (USD/t oz.)	3,333.7	-1.0
Copper Comex (USD/lb)	473.4	-1.5
Wheat cbot (USD/bu.)	532.3	-1.7

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.34	0.3
GBP/ INR	115.26	-0.1
EUR/ INR	96.45	-0.4
EUR/USD	1.13	-0.6
DXY Index	99.65	0.8

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: IIP Apr'25, T-Bill and VRR auctions; **US:** FOMC minutes

Domestic

Domestic economy holds ground against global uncertainty (Source: DEA): As per the Monthly Economic Review for Apr'25:

- FY26 growth may hit upper end of 6.3%-6.8% y/y bracket amid tax relief, RBI rate cuts, and strong investment outlook
- Heightened uncertainty in export outlook prevails following the US's imposition of a 26% reciprocal tariff
- Private sector capex could lag behind with firms adopting a more cautious stance amid uncertainty and tighter financial conditions

IMD forecasts above normal monsoon (Source: CNBC): As per IMD, the southwest monsoon seasonal rainfall over the country is likely to be 106% of the Long Period Average, 1 pp higher than Apr'25 forecast. Notably, some areas of Northwest and East India are expected to witness below normal rainfall.

FDI inflows hit 3 years high in FY25 (Source: DPIIT, ET): FDI equity inflow experienced a 24.5% y/y decline in Q4FY25, reaching USD 9.3 bn. However, overall FDI equity inflows for FY25 rose by 13% y/y to USD 50 bn. Total FDI surged 14% y/y to USD 81 bn, marking a three-year high, with the services sector leading as the top recipient (19%) and Maharashtra attracting the highest share of inflows (39%).

More details of India-UK FTA flow (Source: ET): As per media sources, tariffs for a limited quota of premium vehicles will be lowered to 10% from the current more than 100%. Further, CBAM is not part of the bilateral FTA. FTA is expected to increase annual trade by over EUR 25 bn in long run.

Union backs extending import curbs on met coke (Source: ET): As per media sources, Union may extend import restrictions of setting quotas and capping purchases on low ash met coke, citing sufficient domestic supplies. Annual met coke capacity is ~7 mn tonnes, but only ~3 mn tonnes is being produced due to a lack of demand.

International

US Fed officials express caution on rates (Source: Reuters):

- Mr. Kashkari called for keeping interest rates steady until there is more clarity on how higher tariffs affect inflation
- Mr. Williams said Central Banks must respond relatively strongly when inflation begins to deviate from their target
- Mr. Barkin highlighted that consumers are anticipating inflation, and has hit sentiment and economy on same trajectory as last year

US official suggests more trade deals could be announced this week (Source: Forexlive): Mr. Hasset, Economic Adviser, said that we could see more deals as soon as this week. India is one of the ones on the list that is close to the finish line. He added that trade negotiations with the EU were not going well.

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Japan proposes to buy US chip products (Source: Reuters): As per media sources, Japan has proposed purchasing US semiconductor products during ongoing tariff negotiations with US. It plans to subsidise domestic companies that buy the US chips with potential imports reaching USD 6.9 bn.

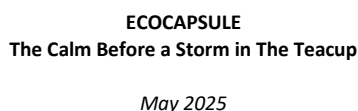
Japan to consider trimming super long bond issuance (Source: Reuters): As per media sources, Japan may consider trimming issuance of super long bonds. The plan comes amid a recent spike in yields to record levels due to dwindling demand from traditional buyers such as life insurers and global market jitters over steadily rising debt levels.

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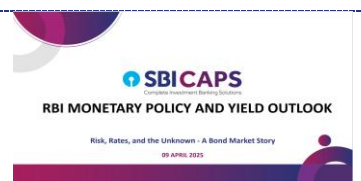


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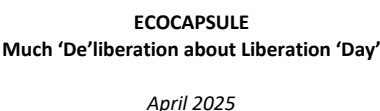
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