

2 June 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.40	-1
US 2Y*	3.90	-4
Germany 10Y	2.50	0
UK 10Y	4.64	0
Japan 10Y	1.48	-1

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	5.88	4
6.33% GS 2035* (10Y)	6.23	5
6.92% GS 2039*	6.42	3
1-Month T-bill	5.72	3
3-Month T-bill	5.60	0
6-Month T-bill	5.61	0
12-Month T-bill	5.60	0

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	130	102	111	96
AA	210	187	198	186
A	404	377	389	379

Source: FIMMDA, as on 29 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	8.95
SOFR	4.33

Source: RBI, Federal Reserve Bank of New York

Money Market instruments (Term segment)		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Notice Money	155.8	5.85
Term Money	9.8	-
Triparty Repo	4,482.6	5.84
Market Repo	1,938.3	5.74
Repo in corporate bond	0.0	NA

Source: RBI, as of 30 May, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	81,451	-0.2
NIFTY	24,751	-0.3
NASDAQ	19,114	-0.3
S&P 500	5,912	0.0
Nikkei 225	37,965	-1.2
Euro Stoxx 50	5,367	-0.1

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	62.8	-1.8
Natural gas Nymex (USD/MMBtu)	3.5	-2.5
Gold Comex (USD/t oz.)	3,315.4	-0.4
Copper Comex (USD/lb)	465.8	0.0
Wheat cbot (USD/bu.)	534.0	-0.3

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.58	0.1
GBP/ INR	115.12	0.1
EUR/ INR	96.97	0.1
EUR/USD	1.13	-0.1
DX Index	99.44	0.0

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: VRR Auction; **Manufacturing PMI May'25:** India, Japan, US, Eurozone

Domestic

Real GDP growth in line with forecast in FY25 (Source: MoSPI, CEIC):

- Real GDP growth for FY25 (PE) slowed to 6.5% y/y (FY24: 9.2%). GFCF stayed strong, growing by 7.1%, while PFCE grew by 7.2% up from 5.6% in FY24. Nominal GDP growth chimed in at 9.8%
- Real GVA grew by 6.4% in FY25 (FY24: 8.6%). Notably, industry GVA sharply slowed to 5.9% from 10.8% in FY24 due to manufacturing
- Real GDP for Q4FY24 came in at 7.4% y/y driven by GFCF, partially offset by mild PFCE for another quarter and languid GFCE. Q4 saw stellar construction activity and strong services momentum

For more details refer to our note titled "A SOLID Q4 CAPS OFF STABLE GROWTH IN FY25"

Union meets fiscal deficit target for FY25 (Source: CGA):

- As per PE, FY25 fiscal deficit, at Rs. 15.8 trn, declined to 4.8% of GDP, in line with RE. Net tax collection stood at Rs. 24.9 trn, while the total expenditure was at Rs. 46.55 trn, lower than RE due to moderation in subsidy. Capex stood at Rs. 10.5 trn (103% of RE)
- Fiscal deficit printed Rs. 1.86 trn in 1MFY26 at 9.4% of FY26BE. Total revenue stood at Rs. 2.56 trn with tax revenues reaching Rs. 1.89 trn. Expenditure stood at Rs. 4.65 trn with capex at Rs. 1.59 trn

GST collections surge in May'25 (Source: ET):

GST collections rose 16.4% y/y to record monthly high of Rs. 2.01 trn. Notably, collections from domestic transactions rose 13.7%, while those from imported goods rose 25.2% y/y. Net GST was up 20.4% to Rs. 1.7 trn.

Union approves additional instalment of tax devolution to States (Source: Mint):

Union has cleared additional instalment of Rs. 817 bn as tax devolution to States. The amount will be released on 2 Jun'25, over and above the regular monthly instalment of Rs. 817 bn due on 10 Jun'25.

High frequency indicators mixed in May'25 (Source: ET):

- Power consumption dipped over 4% y/y to 148.7 BU. Peak demand reached 231 GW as against expected 250 GW
- Domestic PV wholesales rose marginally up by 0.1% y/y to 352k in May'25
- UPI transaction value climbed by 23% y/y to Rs. 25.1 trn

Bank credit shows growth in Apr'25 (Source: RBI):

- Non-food bank credit rose 11.2% y/y (Mar'25: 11%)
- Industry credit growth remains middling at 6.7% driven by petrochemicals, metal products, electronics and airports
- Services credit rose 11.2% y/y in Apr'25 while personal loans grew by 14.5%
- Lending rates inched downwards with fresh WALR falling 9 bps m/m to 9.26%, while WALR on outstanding loans fell 7 bps m/m to 9.70%. Also, 1Y MCLR moderated by 5 bps m/m at 8.95% in May'25
- Fresh WADTDR fell 35 bps m/m to 6.30%, while WADTDR on outstanding term deposits fell 2 bps m/m to 7.01% in Apr'25

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Union seeks relaxation in RBI's new gold loan proposals (Source: BS): The Union suggested revisions to RBI's draft directions on lending against gold collateral, including postponing the implementation to Jan'26. It has proposed that gold loans under Rs. 0.2 mn be exempted from regulatory requirements.

RBI plans to buy back G-Sec worth Rs 250 bn (Source: RBI): Union has offered to buy back 5 G-sec papers maturing in FY27 worth Rs. 250 bn. The auction will be held on 6 Jun'25.

International

US inflation surges less than expectations in Apr'25 (Source: US BEA): US PCE increased by 2.1% y/y in Apr'25 (expectation: 2.2%). The rise was driven by a 3.3% surge in services inflation offset by fall in goods prices. Notably, core PCE increased by 2.5%, below a revised 2.7% in Mar'25.

US trade deficit reduces in Apr'25 (Source: US Census Bureau): US merchandise trade deficit narrowed 46% y/y to USD 87.6 bn as new tariffs weighed on imports, with exports growing 3.4% and imports dropping by 20%. This is the biggest one month drop in goods imports.

US plans to double steel and aluminium tariffs (Source: Reuters): POTUS said he is planning to double tariffs on imported steel and aluminium to 50% to secure steel industry. The move is expected to come into effect from 4 Jun'25. Notably, US Courts did not rule against these tariffs.

US tariff impact on manufacturing sector eases in East Asia in May'25 (Source: S&P Global, BS):

- China's factory activity remained contracted in May'25 as official PMI rose to 49.5 in May'25 from 49 in Apr'25. The decline due to the interim China-US deal. Non-manufacturing PMI remained barely expansionary
- Japan manufacturing PMI printed 49.4 in May'25 up from 48.7 in Apr'25 as subdued global demand conditions, influenced by US tariffs and increased client hesitancy, negatively impacted new orders and production schedules

OPEC+ announces larger than expected oil output increase (Source: Reuters): OPEC+ agreed to hike Jul'25 oil output by 411k bpd, the same as in May'25 and Jun'25, to grab back market share and punish over-producing members.

Countries eke out GDP growth amidst tariff tensions (Source: Reuters, CNBC):

- Canada's real GDP expanded at 2.31% y/y in Q1CY25 above estimated 1.5%, driven by exports spike ahead of potential US tariffs (Q4CY24: 2.29%)
- Brazil's economy experienced a significant rise of 2.9% y/y in Q1CY25, even with increasing interest rates, as robust fixed investments, consumer demand, and solid agricultural production supported the activity (Q4CY24: 3.6%)
- The Turkish economy expanded 2% y/y in CY25, the smallest growth rate since a contraction in CY20 (Q4CY24: 3%)

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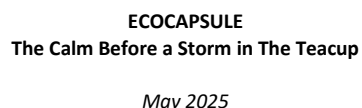
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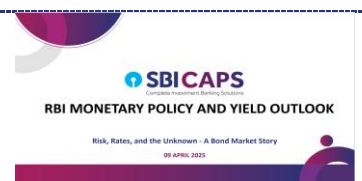


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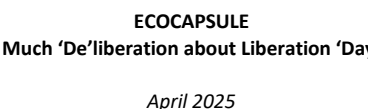
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