

3 June 2025

# The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.45	5
US 2Y*	3.93	3
Germany 10Y	2.52	2
UK 10Y	4.66	2
Japan 10Y	1.50	2

Source: Bloomberg, \*semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	5.85	-3
6.33% GS 2035* (10Y)	6.21	-2
6.92% GS 2039*	6.42	0
1-Month T-bill	5.61	-11
3-Month T-bill	5.61	1
6-Month T-bill	5.61	0
12-Month T-bill	5.61	1

Source: CCIL, Bloomberg, \*semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	68	63	54	55
AA	149	145	139	143
A	338	335	330	337

Source: FIMMDA, as on 30 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	4.35

Source: RBI, Federal Reserve Bank of New York

Money Market instruments		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	139.0	5.79
Triparty Repo	4,003.5	5.66
Market Repo	1,768.2	5.67
Repo in corporate bond	14.4	5.88

Source: RBI, as of 02 June, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	81,373	-0.1
NIFTY	24,716	-0.1
NASDAQ	19,243	0.7
S&P 500	5,936	0.4
Nikkei 225	37,470	-1.3
Euro Stoxx 50	5,356	-0.2

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	65.0	3.5
Natural gas Nymex (USD/MMBtu)	3.7	8.4
Gold Comex (USD/t oz.)	3,401.3	2.6
Copper Comex (USD/lb)	476.6	2.3
Wheat cbot (USD/bu.)	534.5	0.1

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.39	-0.2
GBP/ INR	115.55	0.4
EUR/ INR	97.55	0.6
EUR/USD	1.14	0.7
DXY Index	98.81	-0.6

Source: Morningstar, Bloomberg, Marketwatch

## Key events

**India:** SGS and VRR Auction; **US:** Factory Orders, JOLTS Apr'25; **Eurozone:** CPI May'25; **China:** Manufacturing PMI May'25

## Domestic

### HFI's paint a mixed picture in May'25 (Source: PIB, RBI):

- FasTag collections grew 20% y/y to high of Rs. 70.9 bn
- Coal production rose 2.7% y/y to 86.2 mn tonnes, driven by 22.4% rise in captive production to 16.9 mn tonnes
- Manufacturing PMI remained sharply expansionary at 57.6, albeit reducing from Apr'25's 58.2

**Union seeks bigger and more frequent dividends (Source: ET):** As per media sources, Union is seeking increased dividend payouts by 25% to Rs. 900 bn in FY26 from state run companies. It is also expecting quarterly payments rather than annually.

**Union updates EV manufacturing policy (Source: The Hindu Businessline):** Union has revised the EV policy to now allow companies to import EVs with minimum price of USD 35k at reduced tariffs of 15% (earlier 0%) for 5 years if they invest USD 486 mn for manufacturing in India. The limit on number of units is removed.

**Trade Minister spreads optimism on upcoming deals (Source: ET):** Mr. Goyal hinted that both the India-Oman and India-EU trade deals could conclude by the end of CY25. Both deals will be in the nature of FTAs.

**US steel tariffs will have minor impact: Steel Minister (Source: The Hindu Businessline):** Mr. Kumaraswamy said that the US's plan to increase tariffs on steel and aluminium to 50% is likely to have minor impact as India export small quantity of steel to US.

**Small hydro projects may get aid on project cost (Source: ET):** As per media sources, Union is planning to boost small hydro projects to 10 GW in a decade. Developers may get 30% of project cost as assistance which typically costs Rs. 120 mn per MW.

## International

### Tariffs keep manufacturing activity subdued (Source: S&P Global):

- China's Caixin manufacturing PMI dipped into contraction, clocking 48.3 in May'25 (Apr'25: 50.4), due to a reduction in new orders
- US manufacturing PMI rose to 52.3 in May'25 (Apr: 50.2), driven by strong domestic demand as firms attempted front-running on tariffs
- Eurozone manufacturing PMI inched to 49.4 in May'25 (Apr: 49), backed by rising domestic demand, aided by fiscal expansion

### US Fed remains wary of tariff impact (Source: Reuters, WSJ):

- Ms. Logan feels policy is correctly positioned against risks of short-term inflation, while higher unemployment could cause dilemma
- Mr. Goolsbee is confident on inflation with minimal tariff impact so far, but sounded caution moving forward

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**Airlines to be profitable in CY25, despite slowing traffic (Source: IATA):** Global trade war and supply chain issues are predicted to decelerate air passenger traffic growth by 5.8% y/y in CY25, after growing 10.6% in CY24, with air cargo set to grow by a meagre 0.7%. Airline revenues are forecast to grow 1.3% to USD 980 bn, while profits are predicted to surge to USD 3.6 bn in CY25 driven by sharp reduction in fuel costs.

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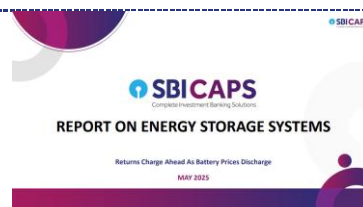


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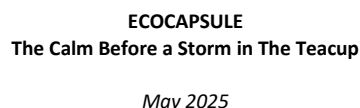
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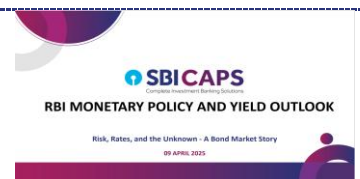


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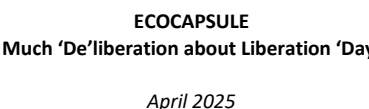
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