4 June 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.45	0
US 2Y*	3.95	2
Germany 10Y	2.52	0
UK 10Y	4.64	-2
Japan 10Y	1.48	-2

*Source: Bloomberg, *semi-annual*

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	5.84	0
6.33% GS 2035* (10Y)	6.20	-1
6.92% GS 2039*	6.42	0
1-Month T-bill	5.63	2
3-Month T-bill	5.61	0
6-Month T-bill	5.61	0
12-Month T-bill	5.60	-1

*Source: CCIL, Bloomberg, *semi-annual*

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	102	95	112	91
AA	183	177	197	179
A	372	367	388	373

Source: FIMMDA, as on 02 Jun, 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	142.9	5.77
Triparty Repo	3,945.2	5.59
Market Repo	1,792.0	5.68
Repo in corporate bond	13.6	5.92

Source: RBI, as of 03 June, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	80,737	-0.8
NIFTY	24,542	-0.7
NASDAQ	19,399	0.8
S&P 500	5,970	0.6
Nikkei 225	37,446	-0.1
Euro Stoxx 50	5,376	0.4

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	65.4	0.7
Natural gas Nymex (USD/MMBtu)	3.7	-1.1
Gold Comex (USD/t oz.)	3,389.0	-0.4
Copper Comex (USD/lb)	488.0	2.4
Wheat cbot (USD/bu.)	535.5	0.2

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.59	0.2
GBP/ INR	115.82	0.2
EUR/ INR	97.38	-0.2
EUR/USD	1.14	-0.5
DXY Index	99.22	0.4

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: T-Bill and VRR Auctions; **Services PMI:** India, US, Eurozone, Japan; **Policy Decision:** Canada, Poland; **Australia:** GDP Q1CY25

Domestic

RBI mulls easing foreign ownership rules for banks amidst interest (Source: Reuters): According to media sources, RBI is considering letting regulated financial institutions own bigger stakes in banks, above current 15%, on a case-by-case basis, while addressing regulations that disincentivise foreign acquisitions of banks

Growth forecast slashed on global uncertainty (Source: OECD): India is expected to grow 6.3% y/y in CY25 (Prev: 6.9% y/y) and 6.4% y/y in CY26 (Prev: 6.9% y/y) due to global uncertainty. However, lower rates and falling inflation are expected to prevail.

Moody's anticipates healthy asset quality for banks in FY26 (Source: ET): Moody's stated that domestic economic conditions remain conducive for banks, which will help to preserve asset quality, although divergence of performance across products might occur. Notably, NPA ratio is expected to lie between 2%-3% in FY26, with unsecured retail loans are projected to exhibit weaker performance

SGS and VRR auctions conducted successfully (Source: RBI):

- SGS worth Rs. 282 bn were auctioned by 12 states (notified: Rs. 294 bn) with cut-off yield ranging between 6.40% - 6.94%. Notably, 10Y cut-off yields ranged between 6.61% - 6.64%.
- 1-day VRR worth Rs. 50 bn were auctioned (notified: Rs. 250 bn) at cut-off yield of 6.01%

International

POTUS signs order doubling metal tariffs, trade partners voice out (Source: Reuters): Mr. Trump signed an executive proclamation doubling tariffs on steel and aluminium to 50% on all trading partners without a deal. Notably, UK is exempted from the tariff hike due to the preliminary deal. Canada's PM Mr. Carney voiced out against supposedly unlawful US duty hike but says is engaged in live negotiations. Mexico highlighted the unfairness as it imports more steel than exports.

Global economy shows incipient signs of weakness in May'25 on tariff concerns (Source: S&P Global):

- Global manufacturing PMI fell to a 5-month low of 49.6, remaining in contraction, with production falling and weakness in intermediate and investment goods
- Japan's services PMI slowed to 51 in May'25 (Apr: 52.4), driven by weaker demand and higher costs due to labour shortages. Composite PMI remains barely expansionary at 50.2 in May'25 (Apr: 51.2)

Tariff battles shave off growth forecasts (Source: OECD): Global real GDP growth is forecasted at 2.9% y/y for CY25 and CY26, downward revised 0.2pp and 0.1pp respectively, driven by economic policy uncertainty, demand weakness and volatile financial markets

The Daily Digest

US Fed officials elucidate on tariff impact (Source: Bloomberg):

- Mr. Goolsbee interjected that tariff related growth slowdown may not be visible for long but could see direct price impact in a month.
- Ms. Cook anticipates economy to slow in CY25, as evidence suggests significant tariff impact is making disinflation tougher
- Mr. Bostic urged for patience on rate moves due to heightened uncertainty from trade policy shifts, as core inflation is still an issue
- Ms. Logan vouched for a robust monetary policy framework that should prioritize realigning inflation to 2% target

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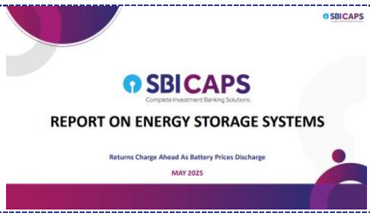

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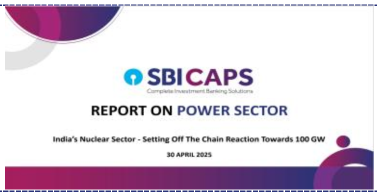

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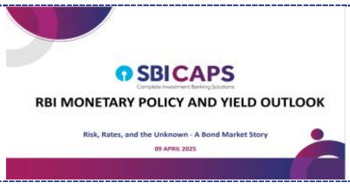

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