

5 June 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.37	-8
US 2Y*	3.88	-7
Germany 10Y	2.52	0
UK 10Y	4.60	-4
Japan 10Y	1.48	0

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)	6.21	0
6.92% GS 2039*	6.42	1
1-Month T-bill	5.60	-3
3-Month T-bill	5.58	-3
6-Month T-bill	5.59	-2
12-Month T-bill	5.58	-2

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	121	111	112	91
AA	202	193	197	179
A	391	383	388	373

Source: FIMMDA, as on 03 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	4.32

Source: RBI, Federal Reserve Bank of New York

Money Market instruments		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	137.2	5.75
Triparty Repo	3,692.3	5.62
Market Repo	1,707.7	5.68
Repo in corporate bond	14.5	5.89

Source: RBI, as of 04 June, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	80,998	0.3
NIFTY	24,620	0.3
NASDAQ	19,460	0.3
S&P 500	5,971	0.0
Nikkei 225	37,747	0.8
Euro Stoxx 50	5,405	0.5

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	64.8	-0.9
Natural gas Nymex (USD/MMBtu)	3.7	-0.5
Gold Comex (USD/t oz.)	3,394.4	0.2
Copper Comex (USD/lb)	490.2	0.5
Wheat cbot (USD/bu.)	547.0	2.1

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.91	0.4
GBP/ INR	116.34	0.4
EUR/ INR	97.98	0.6
EUR/USD	1.14	0.0
DXY Index	98.84	-0.4

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: VRR Auction; **China:** Services PMI May'25; **US:** Trade Balance Apr'25, Jobless Claims; **Eurozone:** Policy Decision

Domestic

Strong international demand drives services growth in May'25 (Source: S&P Global): Services PMI inched upwards to 58.8 in May'25 (Apr: 58.7) driven by highest export orders in under 2 decades, especially from Europe and Asia, leading to higher staffing and wage growth. Subsequently, composite PMI inched downwards to 59.3 in May'25 (Apr: 59.7) due to softer factory production in May'25.

Union set on banning unregulated lending (Source: ET): According to media sources, Union is likely to introduce bill banning lending not authorized by RBI, aiming to prevent fraud and rein in unauthorized lending apps. Officials clarified that informal lending with relatives will not be covered and lending apps partnering with Res will be legal.

Union eases regulations for export oriented high-tech manufacturing (Source: BS): Union introduced policy relaxations to promote high-tech manufacturing, including semiconductors and electronic components, in SEZs, reducing land requirements for such units to 10 hectares from 50 hectares.

Union mulls over financial support for green steel production (Source: The Hindu Businessline): According to media sources, Union wants green hydrogen prices to soften before incentivizing it for steel production as higher production costs could make steel unviable or potentially inflationary.

International

Countries seek resolution in expedited trade talks (Source: Reuters):

- Mr. Trump alluded to possible China negotiations underway but admitted that President Mr. Xi is tough to negotiate with
- EU' Mr. Sefcovic and USTR's Mr. Greer elucidated on a constructive discussion with US and is hopeful of a deal by 9 Jul'25
- Canada PM was confident on US negotiations with policymakers optimistic of a deal before G7 meeting

Slower trade dents global services activity (Source: S&P Global):

- US services PMI surged to 53.7 in May'25 (Apr: 50.8) with more stable domestic demand offset by contracting export orders. Composite PMI rose to 53 in May'25 (Apr: 50.6)
- Eurozone service PMI turned contractionary at 49.7 in May'25 (Apr: 50.1, Prelim: 48.9). Composite PMI remains expansionary
- China's Caixin services PMI rose to 51.1 in May'25 (Apr: 50.7), amidst improved domestic demand. Composite PMI fell to 49.6

US Fed official flags signs of stress in economy (Source: Reuters): Mr. Kashkari highlighted the conflicting signals by equity and bond markets, with labour markets hinting at a slowdown, inflation not on 2% target and heightened uncertainty, urging Fed to wait and see.

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Slower hiring momentum prompts POTUS to call for cuts (Source: CNBC): According to ADP report, private sector payrolls rose 37k in May'25, below 60k additions Apr'25 and its lowest since Mar'23. Goods producers trimmed 2k jobs in May'25, offset by 38k additions in services led by hospitality and financial services. Notably, wage growth held at 4.5% y/y in May'25. Further, POTUS Mr. Trump urged Mr. Powell to cut rates, admitting weakness in employment.

Uncertainty prompts Central Banks to hold rates (Source: Reuters):

- Bank of Canada held policy rate at 2.75% amidst uncertainty, as policymakers await resolutions to trade negotiations
- Poland held policy rate at 5.25%, stating that earlier bumper cut isn't start of broader easing, amidst high uncertainty

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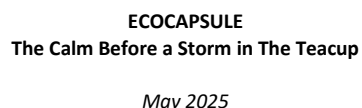
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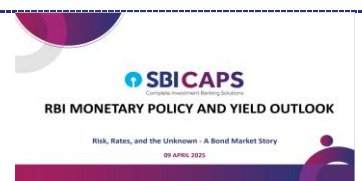


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