

20 June 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.39	0
US 2Y*	3.92	-2
Germany 10Y	2.52	3
UK 10Y	4.53	4
Japan 10Y	1.41	-2

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	6.02	8
6.33% GS 2035* (10Y)	6.31	5
6.92% GS 2039*	6.66	6
1-Month T-bill	5.29	-1
3-Month T-bill	5.33	-2
6-Month T-bill	5.44	0
12-Month T-bill	5.47	-3

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	102	104	101	62
AA	193	192	191	162
A	384	379	382	359

Source: FIMMDA, as on 18 Jun, 2025

Key rates	
Policy	Rate (in %)
Repo rate	5.50
Standing Deposit Facility Rate	5.25
Bank rate	5.75
1-year median MCLR of SCBs	8.95
SOFR	4.31

Source: RBI, Federal Reserve Bank of New York

Money Market instruments		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	141.7	5.26
Triparty Repo	3,964.8	5.18
Market Repo	1,863.7	5.16
Repo in corporate bond	22.4	5.47

Source: RBI, as of 19 June, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	81,362	-0.1
NIFTY	24,793	-0.1
NASDAQ	19,546	0.0
S&P 500	5,981	0.0
Nikkei 225	38,488	-1.0
Euro Stoxx 50	5,197	-1.3

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	77.1	0.8
Natural gas Nymex (USD/MMBtu)	4.1	2.8
Gold Comex (USD/t oz.)	3,369.9	-0.7
Copper Comex (USD/lb)	483.2	-1.3
Wheat cbot (USD/bu.)	586.8	-0.6

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	86.74	0.3
GBP/ INR	116.88	0.8
EUR/ INR	99.93	1.0
EUR/USD	1.15	0.6
DXY Index	98.91	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: MPC Minutes, G-sec auction; **China:** Policy rate; **Japan:** CPI May'25; **UK:** Retail Sales May'25; **Germany:** PPI May'25

Domestic

Project finance directions issued, to come into force from 1 Oct'25

(Source: RBI, ET, CNBC TV-18): The directions, applicable to commercial banks, NBFCs (incl. HFCs), primary UCBs, and AIFIs set out:

- Rationalisation of permissible 'date of commencement of commercial operations' (DCCO) extensions with an overall ceiling of 3 and 2 years for infra and non-infra sectors, respectively
- Setting of standard asset provisioning requirement to 1% (draft 5%, present 0.4%) for projects under construction, which shall gradually increase for each quarter of DCCO deferment. The requirements for under construction CRE exposures will be however, slightly higher at 1.25%
- During operational phase, the standard asset provisioning requirement shall stand reduced to 1% for CRE, 0.75% for CRE-RH and 0.4% (draft 2.5%/1%, present 0.4%) for other project exposures, respectively
- Before disbursement of funds, a lender shall have to ensure there is sufficient land of 50% for infrastructure projects under PPP model, and 75% for all other projects
- Exposure floor for under construction projects below Rs. 15 bn is 10% of aggregate exposure and beyond that it is the higher of 5% of aggregate exposure or Rs. 1.5 bn
- Under construction projects where financial closure has already been achieved shall continue to be guided by the extant norms

Scheme to boost domestic rare earths likely (Source: ET):

As per media sources, a Rs. 30-50 bn scheme to incentivise production of rare earth minerals and derived magnets could be approved in a fortnight. The sops would be allocated through reverse auctions, and five companies are said to have expressed interest.

International

Nations show varying resistance to US tariffs (Source: Reuters, CNA):

- News reports suggest that the EU may be increasingly resigned to 10% baseline tariffs in US trade deal
- Canada has warned that it would adjust its existing counter-tariffs on US steel and aluminium products on 21 Jul'25 to levels consistent with the progress made on trade deal with the US. PM Mr. Carney also unveiled rules which will prioritise domestic procurement

UK holds policy rate steady (Source: Yahoo! Finance):

The BoE voted 6-3 to hold the benchmark interest rate at 4.25%, with the dissenting members voicing for a 25bps cut. The Governor claimed that the world had become highly predictable, and interest rates remain on a gradual downward trend.

Central Banks ease at differential pace (Source: CNBC, Reuters):

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- The PBoC kept its 1-year loan prime rate (LPR) at 3.00%, while the 5-year LPR was held at 3.50%. This was in line with expectations as policy is expected to lean towards additional liquidity rather than rate cuts
- Switzerland entered the era of zero interest rates, as the SNB cut rates to by 25bps. The Bank added that negative rates were not out of the question amidst negative inflation and strong CHF
- Norway cut rates by 25bps to 4.25% and said more cuts were in store. The cut was against expectations
- Philippines slashed rates by 25bps to 5.25%, in line with expectations to boost the economy amongst global turmoil
- Turkey's Central Bank practiced caution, staying put at 46% despite cooling inflation
- Taiwan kept its main policy rate at 2% and signalled no rate cut for the year

The cloud of inflation continues to hide the glory of the land of the rising Sun (Source: Reuters): Core CPI (excludes fresh food) rose 3.7% y/y in May'25, beyond forecast and at a 2-year high. Core-core CPI (excludes fresh food and fuel) – the key barometer for the BoJ - clocked 3.3%, 0.3pp above Apr'25 level.

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