

30 June 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.28	2
US 2Y*	3.75	1
Germany 10Y	2.59	2
UK 10Y	4.50	3
Japan 10Y	1.43	2

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	6.03	0
6.33% GS 2035* (10Y)	6.31	4
6.92% GS 2039*	6.68	3
1-Month T-bill	5.44	9
3-Month T-bill	5.41	3
6-Month T-bill	5.52	0
12-Month T-bill	5.53	0

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	98	105	78	64
AA	190	193	168	164
A	381	380	359	361

Source: FIMMDA, as on 27 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	4.40

Source: RBI, Federal Reserve Bank of New York

Money Market instruments		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	150.5	5.38
Triparty Repo	4,061.4	5.42
Market Repo	2,214.4	4.98
Repo in corporate bond	17.2	5.51

Source: RBI, as of 27 June, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	84,058	0.4
NIFTY	25,637	0.3
NASDAQ	20,273	0.5
S&P 500	6,173	0.5
Nikkei 225	40,150	1.4
Euro Stoxx 50	5,325	1.5

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	67.8	-0.5
Natural gas Nymex (USD/MMBtu)	3.7	14.7
Gold Comex (USD/t oz.)	3,287.0	-1.3
Copper Comex (USD/lb)	512.3	-0.1
Wheat cbot (USD/bu.)	540.8	0.0

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.49	-0.3
GBP/ INR	117.32	-0.2
EUR/ INR	99.84	-0.2
EUR/USD	1.17	0.2
DXI Index	97.25	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: IIP May'25; **China:** Official PMI Jun'25; **UK:** GDP Q1CY25; **Eurozone:** CPI Jun'25; **Germany:** Retail Sales May'25, CPI Jun'25

Domestic

Current account deficit narrows in FY25 (Source: RBI):

- CAD moderated to USD 23.3 bn in FY25 (FY24: USD 26 bn), amidst services surplus despite slower capital account flows. Current account surplus rose to ~3x y/y at USD 13.5 bn in Q4FY25 (1.3% of GDP)
- Goods trade deficit widened to USD 287 bn in FY25 (FY24: USD 245 bn), offset by USD 189 bn services surplus (FY24: USD 163 bn)
- Tepid investment flows in Q4FY25 saw net FDI inflow of USD 1 bn in FY25 (FY24: USD 10 bn). FPI stood at USD 3.6 bn (FY24: USD 44 bn)
- NRI deposits rose 10% y/y to USD 16.2 bn, while ECB issuances rose ~5x to USD 18.4 bn in FY25
- Remittances rose 25% y/y to USD 79.8 bn in FY25

T-bill auction calendar published for Q2FY26 (Source: RBI):

Gross issuances in Q2FY26 are indicated at Rs. 2.69 trn (Q1FY26A: Rs. 4.42 trn vs indicative of Rs. 2.28 trn, Q2FY25A: Rs. 7.22 trn). The issuances will be implemented through weekly auctions of mix of Rs. 90 bn and Rs. 100 bn of 91-day T-bills, Rs. 50 bn of 182-day T-bills, and Rs. 50 bn of 364-day T-bills, with higher issuances y/y on the shorter end.

SGS auction calendar published for Q2FY26 (Source: RBI):

SGS issuances are indicated at Rs. 2.87 trn in Q2FY26 (Q1FY26A: Rs. 2.01 trn; Q2FY25A: Rs. 3.86 trn). Maharashtra (Rs. 590 bn), Tamil Nadu (Rs. 300 bn) and West Bengal (Rs. 240 bn) are the top issuers, with significantly higher offtake q/q in Q2FY26. Notably, 3 states had issued SGS worth Rs. 16 bn less cumulatively than indicated in Q1FY26A.

External debt displays rise as of Mar'25 (Source: RBI):

External debt rose 9.3% y/y to USD 736 bn in FY25, at 19.1% of GDP (FY24: 18.5%). Notably, long-term debt rose 11% y/y to USD 602 bn in FY25. Short-term debt o/s on residual basis constituted 41.2% of total in FY25, from 43.4% in FY24. Debt service as % of current receipts declined marginally by 0.1pp to 6.6% in FY25.

Union approves revised toll charges (Source: ET):

According to media sources, MoRTH has approved major toll revision, wherein tolls will be halved for stretches where structures such as flyovers, underpasses and tunnels account for more than half the toll length.

Union encourages PSBs to monetise subsidiaries (Source: ET):

According to media sources, Finance Ministry officials have urged PSBs to consider listing their subsidiaries after scaling up operations to realise good returns, alluding to possible listings of about 15 ventures by PSBs in medium term.

International

US inflation rises as per expectations in May'25 (Source: US BEA):

US PCE rose 2.3% y/y in May'25, from 2.2% y/y in Apr'25, in line with expectations, driven by reaccelerating services inflation. Core PCE

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rose 2.7% y/y in May'25, from 2.5% y/y in Apr'25, driven by 3.4% y/y rise in services inflation augmented by healthcare and housing.

Trade deals progressing thick and fast with the US (Source: Reuters, ET, CNN):

- POTUS Mr. Trump doesn't expect any extensions to 9 Jul'25 tariff deadline, expecting 12/18 important trade deals to be concluded by the deadline. He further suggested that tariff rates on other nations could be set in the next week
- POTUS Mr. Trump cut-off trade talks with Canada over the latter's digital tax targeting US firms, threatening further tariffs
- He further hinted at potential agreement with India for improved market access, but remained unsure of complete access
- According to media sources, China has confirmed details of trade framework with US, wherein China will review and approve export applications for export-controlled items, while US agrees to cancel restrictive measures

US tax and spending bill narrowly passes Senate vote (Source: Reuters): The "One Big Beautiful Bill" passed the Senate vote by a margin of 51-49 with 2 Republicans joining a unanimous Republican entourage against the Bill. The Bill aims at making permanent tax cuts, boost national security funding and cuts to Medicaid and food stamps.

US Fed official remains optimistic of slashing rates in CY25 (Source: Bloomberg): Mr. Kashkari expects 2 rate cuts in CY25, as tariff impact remains moderate with renewed progress on disinflation. He however expects one-time tariff impact on prices to show up on growth later in CY25, justifying forecast of 2 cuts.

G7 agrees on tax system that exempt US firms (Source: Mint): G7 nations have endorsed a "side-by-side" tax system, in which US companies will be exempted from a global minimum tax imposed by other countries, while being taxed at home for both domestic and foreign incomes, under pressure from POTUS Mr. Trump's proposed revenge tax on US incomes of non-US firms.

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