

1 July 2025

# The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.22	-6
US 2Y*	3.72	-3
Germany 10Y	2.60	1
UK 10Y	4.49	-1
Japan 10Y	1.42	-1

Source: Bloomberg, \*semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	6.00	-3
6.33% GS 2035* (10Y)	6.32	1
6.92% GS 2039*	6.67	-1
1-Month T-bill	5.35	-9
3-Month T-bill	5.37	-4
6-Month T-bill	5.50	-2
12-Month T-bill	5.52	-1

Source: CCIL, Bloomberg, \*semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	114	108	73	116
AA	205	196	163	209
A	396	383	354	406

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	8.90
SOFR	4.40

Source: RBI, Federal Reserve Bank of New York

Money Market instruments		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	132.3	5.50
Triparty Repo	3,964.6	5.42
Market Repo	2,004.6	5.38
Repo in corporate bond	18.7	5.67

Source: RBI, as of 30 June, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	83,606	-0.5
NIFTY	25,517	-0.5
NASDAQ	20,370	0.5
S&P 500	6,205	0.5
Nikkei 225	40,487	0.8
Euro Stoxx 50	5,303	-0.4

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	67.6	-0.2
Natural gas Nymex (USD/MMBtu)	3.5	-7.8
Gold Comex (USD/t oz.)	3,326.1	1.2
Copper Comex (USD/lb)	508.3	-0.8
Wheat cbot (USD/bu.)	536.8	-0.7

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.77	0.3
GBP/ INR	117.60	0.2
EUR/ INR	100.86	1.0
EUR/USD	1.18	0.6
DX Index	96.77	-0.5

Source: Morningstar, Bloomberg, Marketwatch

## Key events

**India:** SGS Auction; **Manufacturing PMI Jun'25:** India, China, Eurozone, US; **Eurozone:** CPI Jun'25

## Domestic

**Financial system resilient, SCB exhibit strong profitability and declining NPAs (Source: RBI):** As per RBI's FSR for Jun'25:

- Banks' GNPA declined further to a 12-year low at 2.3% as of Mar'25 with NNPA sliding to 0.5%. Under stress conditions, GNPA could slip to 5.3%-5.6% by Mar'27
- Profitability during FY25 surged by 16.9% y/y leading the RoA and RoE to reach highs of 1.4% and 13.6%, respectively
- CRAR and CET1 ratio stood at 17.2% and 14.6%, respectively. Banks remain resilient in the stress tests, with system level CRAR maintained at 14.2%-17.0% by Mar'27. No bank fell short of regulatory capital
- CRAR of NBFCs remained healthy at 25.8% and GNPA improved to 3.0% as of Mar'25 from 4.0% in Mar'24

**Bank credit growth moderates in May'25 (Source: RBI):**

- Non-food bank credit rose 9.9% y/y (Apr'25: 11.2%)
- Industry credit growth remains middling at 4.9% driven, with major traction being seen in smaller sectors
- Services credit rose 9.4% y/y in May'25 while personal loans grew by 13.7%
- Fresh WALR falling 6 bps m/m to 9.20% in May'25. 1Y MCLR moderated by 5 bps m/m at 8.90% in Jun'25
- WADTDR of new deposits fell 23 bps m/m to 6.11% in May'25

**Fiscal deficit remains in check in 2MFY26 (Source: CGA):**

- Total receipts rose to Rs. 7.1 trn in 2MFY26 (20.7% of FY26BE). Net tax revenues stood at Rs. 3.5 trn with rise of 10% y/y, while non-tax revenue grew 42% y/y to Rs. 3.6 trn
- Total expenditure grew 19.7% y/y to Rs. 7.5 trn in 2MFY26. Revex grew 9.4% y/y, while capex grew by staggering 54.1% y/y to Rs. 2.2 trn
- Fiscal deficit reached Rs. 0.13 trn in 2MFY26, which is 0.8% of FY26BE, helped by generous RBI dividend

**IIP growth at 9-month low in May'25 (Source: PIB):** Industrial production rose 1.2% y/y. Manufacturing fared relatively better, rising 2.6%, with traction in basic metals and machinery & equipment. Mining production contracted 0.1%, while electricity contracted by 5.8%. Based on end-use, capital goods rose by 14.1% y/y.

## International

**Asia's factories rebound: Japan stabilises, China returns to growth in Jun'25 (Source: S&P Global):**

- China's manufacturing sector returned to growth in Jun'25 as Caixin manufacturing PMI rose to 50.4 from 48.3 in May'25 on account of fresh upturn in total new orders
- Japan's manufacturing conditions stabilised in Jun'25 as manufacturing PMI rose to 50.1 from 49.4 in May'25 with consumer goods showing traction

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## **Trade talks with the US see varied progress (Source: Reuters):**

- As per media reports, EU is now open to universal 10% tariff but seeks commitments to reduce tariffs in key sectors and quotas/exemptions on automobiles, auto parts, steel, and aluminium. EU clarified that tech rules are not in talks
- Indian FM confirmed that she wants a big deal with the US but highlighted that agriculture and dairy sectors remain sensitive sectors
- Canada scrapped its digital services tax as requested by the US
- South Korea said it is seeking extension to 90-day tariff pause in US tariff to continue negotiations
- Indonesia has offered US chance to jointly invest in a critical minerals project

## **US Fed officials deny stagflation possibility (Source: Reuters, Bloomberg):**

- Mr. Bostic said he still eyes one rate cut this year. He also added that the tariff pass through may be slow but persistent one
- Mr. Goolsbee commented that he does not see any possibility that tariffs or another supply-side shock could in the near-term cause stagflation

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