

# The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.35	9
US 2Y*	3.75	-1
Germany 10Y	2.61	-4
UK 10Y	4.54	-7
Japan 10Y	1.44	1

Source: Bloomberg, \*semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.75% GS 2029*	5.96	1
6.33% GS 2035* (10Y)	6.29	0
6.92% GS 2039*	6.63	0
1-Month T-bill	5.19	-3
3-Month T-bill	5.33	-2
6-Month T-bill	5.45	-5
12-Month T-bill	5.53	0

Source: CCL, Bloomberg, \*semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	38	109	71	63
AA	133	198	162	164
A	322	383	351	361

Source: FIMMDA, as on 02 Jul, 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	172.4	5.26
Triparty Repo	4,155.2	5.12
Market Repo	1,949.8	5.20
Repo in corporate bond	19.2	5.39

Source: RBI, as of 03 July, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	83,239	-0.2
NIFTY	25,405	-0.2
NASDAQ	20,601	1.0
S&P 500	6,279	0.8
Nikkei 225	39,786	0.1
Euro Stoxx 50	5,343	0.5

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	68.5	0.0
Natural gas Nymex (USD/MMBtu)	3.4	-2.3
Gold Comex (USD/t oz.)	3,337.3	-0.6
Copper Comex (USD/lb)	510.6	-1.4
Wheat cbot (USD/bu.)	556.8	-1.2

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	85.32	-0.5
GBP/ INR	116.66	0.0
EUR/ INR	100.49	-0.4
EUR/USD	1.18	-0.2
DXY Index	97.18	0.4

Source: Morningstar, Bloomberg, Marketwatch

## Key events

**India:** G-Sec, VRRR Auction; **Eurozone:** PPI May'25

## Domestic

**Policymakers agree to compromise in India-US trade deal (Source: FE, Bloomberg):** According to media sources, the Union is very close to brokering a trade deal with US in the next week. The Union is expected to cut MFN tariffs for US products like industrial goods, enhanced market access and tariff rate quotas in some agriculture products like animal feeds, while not budging on other sensitive sectors like dairy and food grains.

**RBI decides to nimbly manage surfeit liquidity (Source: RBI, BS):** Surplus liquidity rose to Rs. 3.72 trn in Jun'25, the highest in 3 years. This has prompted RBI to conduct a second 7-day VRRR auction worth Rs. 1 trn on 4 Jul'25, as the previous one reverses, to nimbly manage surplus liquidity.

**Economic activity is underpinned by robust demand in Jun'25 (Source: S&P Global):** Services PMI rose to 10-month high of 60.4 in Jun'25 (May: 58.8), driven by sharp rise in new domestic orders and lower cost inflation leading to higher margins. Consequently, composite PMI rose to 14-month high of 61 in Jun'25 (May: 59.3) due to strong demand, lower costs and higher pricing power.

## International

**US labour market strength exceeds expectations in Jun'25 (Source: WSJ):** US non-farm payrolls addition stood at 147k in Jun'25, above 110k in May'25 and expectations of 105k. However, additions were concentrated in few sectors, with 73k additions in State and Local Governments and 39k in healthcare sector, while other major sectors saw limited additions. Unemployment rate holding at 4.1% in Jun'25 bodes well for US Fed's mandate.

**US opts for simple tariffs over complex talks (Source: Reuters):** POTUS Mr. Trump acknowledged that the complexity of trade deals has prompted him to opt for simple tariff rates for most countries, varying from 20%-30%, commingled with a couple of detailed agreements with key partners. Treasury Secy. Mr. Bessent expects a 10% levy on 100 countries, with flurry of deals by next week.

**US Fed official remains wary of tariff impact (Source: WSJ):** Mr. Bostic exclaimed that adjustment of prices to trade and fiscal policies could take more than a year, resulting in period of higher inflation. He advocated for a wait and watch approach as sanguine readings reflect businesses' intentions to delay price rises and get clarity on tariffs.

**US trade deficit widens in May'25 (Source: Reuters):** US overall trade deficit widened 19% m/m to USD 71.5 bn in May'25, with goods deficit widening 13% m/m to USD 97.5 bn, while services surplus remained flattish at USD 26 bn. Fall in exports was driven by industrials and capital goods, offset by consumer goods, while import of automotives and capital goods rose substantially.

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## Global economic activity (Source: S&P Global):

- Global services PMI clocked 51.9 in Jun'25 (May: 52), with easing new orders and lower price pressures. Composite PMI rose to 51.7 in Jun'25 from 51.2 in May'25, with strong upturn in India and US
- US services PMI fell slightly to 52.9 in Jun'25 (May: 53.7), with sustained output and employment growth offset by elevated prices. Composite PMI stayed at 52.9 in Jun'25 (May: 53)
- Eurozone services PMI turned expansionary at 50.5 in Jun'25 (May: 49.7), with marginal growth in demand and benign inflation. Composite PMI rose to 50.6 in Jun'25 (May: 50.2)

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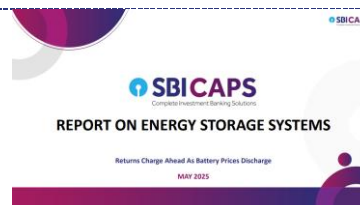
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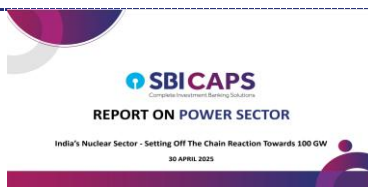
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