

29 August 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.21	-2
US 2Y*	3.63	1
Germany 10Y	2.69	-1
UK 10Y	4.70	-3
Japan 10Y	1.61	-1

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.01% GS 2030*	6.27	-6
6.33% GS 2035* (10Y)	6.53	-7
6.68% GS 2040*	6.89	-5
1-Month T-bill	5.45	-3
3-Month T-bill	5.50	4
6-Month T-bill	5.59	2
12-Month T-bill	5.60	1

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	113	84	78	68
AA	212	186	176	161
A	405	373	369	362

Source: FIMMDA, as on 26 Aug, 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	8.75
SOFR	4.36

Source: RBI, Federal Reserve Bank of New York

Money Market instruments		
Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	176.9	5.46
Triparty Repo	4,475.7	5.36
Market Repo	1,852.4	5.38
Repo in corporate bond	29.6	5.62

Source: RBI, as of 26 August, 2025

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	80,081	-0.9
NIFTY	24,501	-0.9
NASDAQ	21,705	0.5
S&P 500	6,502	0.3
Nikkei 225	42,829	0.7
Euro Stoxx 50	5,397	0.1

Source: Google Finance

Commodities futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	68.1	0.6
Natural gas Nymex (USD/MMBtu)	3.0	3.8
Gold Comex (USD/t oz.)	3,472.8	0.7
Copper Comex (USD/lb)	455.3	1.4
Wheat cbot (USD/bu.)	529.5	0.9

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	87.63	-0.1
GBP/ INR	118.35	0.1
EUR/ INR	102.16	0.1
EUR/USD	1.17	0.1
DXI Index	97.98	-0.1

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: GDP Q1FY26, Fiscal Deficit Jul'25; G-Sec Auction; **US:** Goods Trade Balance, PCE Jul'25;

Domestic

Manufacturing leads the charge for industrial growth (Source: PIB):

IIP grew 3.5% y/y in Jul'25, driven by surge in manufacturing and slower contraction in mining. Manufacturing rose 5.4% y/y in Jul'25 driven by electrical, transport equipment and metal products. Mining contracted 7.2% y/y in Jul'25 while electricity rose 0.6% y/y. On use-based classification, infrastructure goods rose 11.9% y/y and capital goods rose 5% y/y in Jul'25, reflective of manufacturing resurgence.

RBI remains sanguine on domestic growth and private investments in FY26: RBI Bulletin: Highlights: (Source: RBI):

- Domestic economy transmitted mixed signals in Jul'25, with subdued industrial activity boosted by manufacturing surge and a strong services sector, aided by declining inflation
- US trade policy shaped much of global influence on domestic economy, but sovereign ratings upgrade boosted capital flows
- Outstanding NRI deposits grew 2.4% y/y to USD 168 bn in Jun'25, with flows in Q1FY26 dropping 10% y/y to USD 3.6 bn.
- Gross ECB registrations rose 23.6% y/y to USD 3.5 bn in Jun'25
- RBI sold USD 3.7 bn on net basis in Jun'25, after purchasing USD 1.8 bn in May'25. The net short forward position stands at USD 60.4 bn.

RBI mulls stricter regulations for NBFCs with subsidiaries with overlapping businesses (Source: Bloomberg):

According to media sources, RBI is considering getting NBFCs to cut down activities of subsidiaries with overlapping businesses, in line with proposed banking regulations, as these complex lending structures increase systemic risks, potentially eyeing gold loan NBFCs with MFI arms.

Union considers easing norms for FDI from China in non-strategic sectors (Source: CNBC-TV18):

According to media sources, Union is considering changes to Press Note 3 of FDI policy to allow Chinese investments in non-strategic sectors, without prior Union approvals, in-line with Niti Aayog suggestions and requests from manufacturers seeking faster clearances in sectors where such capital is crucial.

International

Slower imports props up US economy in Q2CY25 (Source: BEA):

US GDP rose 3.3% q/q saar in Q2CY25 SAE (Q1: -0.5% q/q saar), upward revised 0.3pp. Consumption grew 1.6% q/q saar (+0.2pp), while 30% q/q saar drop in imports helped add 5pp to growth. Notably, declining components in Q1CY25 were drivers of growth in Q2CY25, with 2.6% y/y rise in inventories reflective of tariff impact.

US Fed official sounds the clarion call on rate cuts (Source: Reuters):

Mr. Waller declared that the time has come for US FOMC to cut rates to neutral in the next 3-6 months, supporting a 25 bps cut in Sep'25, while claiming that current rates are 1.25% - 1.50% above neutral.

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China aims to curb overcapacity in steel sector (Source: Reuters): According to media sources, China will push to curb new capacity and reduce steel production in CY25 and CY26, as overcapacity trims prices with inefficient capacity eating into profits

Philippines cuts rates to bolster growth (Source: WSJ): Bangko Sentral Pilipinas cut its benchmark rate by 25 bps, for a 3rd consecutive time, to 5%, in line with expectation, as low inflation provides room to continue to support growth

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