

03 October 2025

The Daily Digest

Foreign G-Sec Bond Yield		
G-sec	Yield (in %)	1D Change (bps)
US 10Y*	4.09	0
US 2Y*	3.54	0
Germany 10Y	2.70	-1
UK 10Y	4.72	2
Japan 10Y	1.65	1

Source: Bloomberg, *semi-annual

G-sec yield		
G- Sec	Yield (in %)	1D Change (bps)
6.01% GS 2030*	6.12	-8
6.33% GS 2035* (10Y)	6.52	-6
6.68% GS 2040*	6.81	-6
1-Month T-bill	5.40	0
3-Month T-bill	5.48	8
6-Month T-bill	5.57	6
12-Month T-bill	5.58	2

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates				
Annualized Spreads	3-year	5-year	7-year	10-year
AAA	79	63	42	47
AA	191	160	139	142
A	384	355	338	349

Source: FIMMDA, as on 30 Sep, 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	8.60
SOFR	4.20

Source: RBI, Federal Reserve Bank of New York

Major Equity Indices		
Indices	Last	1D Change (%)
BSE SENSEX	80,983	0.9
NIFTY	24,836	0.9
NASDAQ	22,844	0.4
S&P 500	6,715	0.1
Nikkei 225	44,937	0.9
Euro Stoxx 50	5,646	1.2

Source: Google Finance

Commodities Futures		
Commodities	Last	1D Change (%)
Brent Crude (USD/bbl)	64.3	-2.7
Natural gas Nymex (USD/MMBtu)	3.4	2.7
Gold Comex (USD/t oz.)	3,874.9	-0.4
Copper Comex (USD/lb)	495.9	2.4
Wheat cbot (USD/bu.)	513.5	1.3

Source: Bloomberg

Exchange Rates		
Currency pair	Rate	1D Change (%)
USD/ INR	88.70	-0.1
GBP/ INR	119.28	-0.1
EUR/ INR	104.00	-0.2
EUR/USD	1.17	-0.1
DXY Index	97.88	0.1

Source: Morningstar, Bloomberg, Marketwatch

Key events

India: G-sec Auction; **Services PMI Sep'25:** India, US, Eurozone, Japan

Domestic

RBI holds rate as growth treads with lower inflation (Source: RBI):

- RBI MPC unanimously decided to hold the policy repo rate at 5.5%. Stance was retained at "Neutral" even as two members wanted it to be changed to "Accommodative"
 - Real GDP growth forecast pushed by 30 bps at 6.8% y/y in FY26. Governor admitted that fiscal measures such as GST rate changes will only partially offset the hit to exports from tariffs
 - Inflation forecast was slashed ~50 bps to 2.6% y/y in FY26 with Q1FY27 projected above 4% but 40 bps lower than last meeting
- For more details refer to our report titled: "RBI MPC: A PRELUDE TO A RATE CUT?"

Significant reforms unveiled for the banking sector (Source: RBI):

- New Basel III guidelines will soon be released, with proposed risk weights for MSMEs and residential real estate (incl. home loans) set to see a reduction
- Banking level concentration risk for borrowers will no longer have a general limit but only be monitored on case-to-case basis. Acquisition finance will now be allowed, and ECB rules are set to be relaxed
- Transition to ECL norms will start from 1 Apr'27, with a glide path till FY31

HFIs reflective of resilient domestic growth in Sep'25 (Source: S&P Global, NPCI, IEX, CEIC):

- Manufacturing PMI fell to 57.7 (Aug: 59.3), reflecting the slowest improvement in operating conditions since May'25
- Power consumption rose 3.2% y/y to 145.9 BU in Sep'25. On IEX, DAM prices fell 14.5% y/y to Rs. 4.2/unit
- As per estimates, domestic PV sales rose 25% y/y to 400k units
- Indian Railways freight volume rose by 4% y/y to 127.5 mn tonnes
- Diesel and petrol consumption rose strongly on festive demand as they grew by 6.3% and 7.5% y/y respectively
- UPI transactions rose 21% y/y to Rs. 24.9 trn in value terms
- FasTag collections rose 20% y/y to highest ever value of Rs. 67.5 bn

GST collections rise in Sep'25 (Source: CNBC-TV18, ToI): GST collections rose 9.1% y/y to Rs. 1.89 trn in Sep'25. The gross domestic revenue grew 6.8%, while tax from imports rose 15.6%. GST refunds also rose by a steep 40.1%. Thus, net GST revenue stood at Rs. 1.60 trn, recording 5% growth.

Union releases additional tax devolution to states (Source: The Hindu Businessline): Union released an additional tax devolution of Rs. 1.01 trn to State governments. This is in addition to normal monthly devolution due to be released on 10 Oct'25.

Cabinet approves MSP for Rabi Crops (Source: PIB): announced a 6.6% increase in MSP for wheat to Rs 2,585 per quintal for the 2026-27 marketing year. The MSP on barley, gram, lentil, rapeseed, mustard, and safflower has been increased to Rs 1,980, Rs 5,650, Rs 6,700, Rs 5,950, and Rs 5,940 respectively.

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International

Manufacturing activity slows in Sep'25 (Source: S&P Global):

- Global manufacturing PMI dropped marginally to 50.8 (Aug: 50.9), As output and new order intakes rose and business optimism ticked up
- US manufacturing PMI declined to 52 (Aug: 53), as tariffs continue to hit exports and drive costs higher
- Eurozone manufacturing PMI dips back into contraction at 49.8 in Sep'25 (Aug: 50.7), as eurozone factory orders decline
- Also, Japan's services PMI continued to expand as it printed up to 53.3 in Sep'25 (Aug: 53.1)

US Government shuts down on disagreements in the Senate (Source: NYT): This is the first shutdown in nearly seven years, with the key dispute being over medical care subsidies. Mr. Trump threatened to fire more Federal workers and permanently cut programmes with Democratic support. The administration has already frozen USD 26 bn due to Democratic ruled states.

US private sector shades job in Sep'25: ADP (Source: Reuters): As per ADP report, Private sector employment shed 32k jobs in Sep'25. The biggest losses seen in sectors like leisure and hospitality and professional services, as well as in financial activities. Hiring in trade, transportation and utilities, as well as construction and manufacturing also contracted.

Eurozone inflation remains benign in Sep'25 (Source: Eurostat): Eurozone CPI inched up to 2.2% y/y in Sep'25 (Aug: 2% y/y), driven by milder contraction in energy prices. Core inflation held the 2.3% y/y mark, with much watched services inflation rising 0.1pp m/m to 3.2% y/y in Sep'25.

EU to double tariff rate on steel imports (Source: Bloomberg): As per media sources, European Union plans to hike tariffs on steel imports to 50% and cut by nearly a half the volume of steel that's allowed in before that higher rate is imposed.

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