

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.49	5
US 2Y*	4.29	7
Germany 10Y	2.37	0
UK 10Y	4.47	-1
Japan 10Y	1.29	2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.63	4
6.79% GS 2034* (10Y)	6.70	5
6.92% GS 2039*	6.85	5
1-Month T-bill	6.25	-7
3-Month T-bill	6.40	-6
6-Month T-bill	6.52	0
12-Month T-bill	6.52	-3

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	90	82	87	79
AA	173	169	172	163
A	367	359	365	361

Source: FIMMDA, as on 6 Feb, 2025

Key rates:

Policy	Rate (in %)
Repo rate	6.25
Standing Deposit Facility Rate	6.00
Bank rate	6.50
1-year median MCLR of SCBs	9.00
SOFR	4.36

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	145.7	6.26
Triparty Repo	3,708.9	6.26
Market Repo	1,739.0	6.25
Repo in corporate bond	18.1	6.37

Source: RBI, as of 7 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,860	-0.3
NIFTY	23,560	-0.2
NASDAQ	19,523	-1.4
S&P 500	6,026	-1.0
Nikkei 225	38,787	-0.7
Euro Stoxx 50	5,325	-0.6

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.7	0.0
Natural gas Nymex (USD/MMBtu)	3.3	-2.1
Gold Comex (USD/t oz.)	2,887.6	-0.1
Copper Comex (USD/lb)	458.9	2.1
Wheat cbot (USD/bu.)	582.8	-1.6

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.43	-0.2
GBP/ INR	108.56	-0.3
EUR/ INR	90.44	-0.4
EUR/USD	1.03	-0.5
DX Index	108.10	0.4

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; China: New Loans Jan'25, Total Social Financing Jan'25

News:

Domestic:**RBI cuts repo rate by 25-bps, defers banking norms (Source: RBI):** Highlights:

- MPC unanimously voted to reduce the repo rate by 25 bps to 6.25%, with 25 bps reduction to SDF and MSF settling at 6.00% and 6.50%, respectively. Stance was maintained as "Neutral"
- Inflation projections for FY25 remained unchanged at 4.8% y/y, projecting CPI to only reach target in Q2FY26
- Real GDP growth projection for FY26 is at 6.7% y/y and for FY25 at 6.4% y/y driven by a recovery in private consumption and agriculture
- The Governor declared that the implementation of proposed norms on LCR and project finance provisions stand deferred till at least 31 Mar'26. ECL norms also now carry no implementation timeline

For more details, refer to our note on the RBI Policy titled "USING POLICY TOOLS TO REMOVE BARRIERS FOR GROWTH"

Insurers show mixed trends in premium growth in Jan'25 (Source: GIC, LIC):

- Gross premium for non-life insurers grew by 6.6% y/y in Jan'25 driven by standalone health insurers which rose by 11.0% whereas general insurers premium grew by 5.1%
- Gross premium for life insurers declined by 8.2% y/y in Jan'25 as public sector insurers premium declined by 13.9% in Jan'25

E-way bill generation hits new high in Jan'25 (Source: BS): E-way bill grew by 23.1% y/y to reach record high of 118.1 mn in Jan'25. E-way bills stood at 112 mn in Dec'24 after they peaked earlier at 117.2 mn in Oct'24 due to the festival season.**India remains net importer of steel in 10MFY25 (Source: ET):** Imports rose by 20.3% y/y in 10MFY25 to reach 8.3 mn tonne. Meanwhile, steel exports fell by 28.9% /y to 4.0 mn tonnes.**Fuel demand rises modestly in Jan'25 (Source: BS):** Fuel consumption was up 3.2% y/y at 20.5 mn tonne in Jan'25, the lowest monthly level since Oct'24. The demand was driven by 4.3% rise in diesel consumption and 6.7% growth in petrol consumption. ATF consumption grew by 9.3% in Jan'25.**Union plans to ease procedural easing to promote FDI in select sectors (Source: ET):** The proposed reforms may include time-bound approvals, clear guidelines for approvals, and a streamlined single-window clearance system.**SEBI plans to ease AIF debt investment regulations (Source: BS):** SEBI has proposed to relax investment norms for Category II AIFs to invest in listed debt securities with a credit rating of 'A' or below. The move came in response to shrinking investment opportunities in unlisted debt securities due to amendments to LODR Regulations.**G-Sec and VRR auctions conducted successfully (Source: RBI):**

- 6.92% GS 2039 worth Rs. 120 bn and Rs. 100 bn of 7.09% GS 2054 were auctioned at cut-off yields of 6.8565% and 7.0445% respectively
- 3-day VRR auction worth Rs. 1.33 trn was done against a notified amount of Rs. 1.5 trn, at a cut-off yield of 6.26%. 56-day VRR auction worth Rs. 500 bn was done at a cut-off yield of 6.31%

Kerala presents Budget for FY26 (Source: Government of Kerala): Highlights:

- Revenue receipts are expected to surge to Rs. 1.52 trn in FY26BE (FY25RE: Rs. 1.33 trn). Total expenditure is set to rise to Rs. 1.99 trn in FY26BE (FY25RE: Rs. 1.79 trn), with revenue expenditure standing at Rs. 1.79 trn. Capital expenditure will see a modest rise to Rs. 191 bn in FY26BE
- A nominal GSDP growth of 11.9% y/y has been projected for FY26BE (over FY25RE). Internal market loans are expected to reach Rs. 2.95 trn in FY26BE to plug a fiscal deficit of 3.16% of GSDP

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International:

US labour markets remain resilient in Jan'25 (Source: US BLS): US non-farm payrolls rose by 143k in Jan'25, lower than 307k additions in Dec'24 and expectations of 169k, with the unemployment rate falling to 4.0% in Jan'24 from 4.1% in Dec'24, against market expectation of 4.1%. Notably, wage growth slowed to 3.8% y/y in Jan'25 from 3.9% y/y in Dec'24.

US to announce reciprocal tariffs (Source: ET): Mr. Trump said that US is planning to announce 25% tariffs on all steel and aluminium imports and introduce reciprocal tariffs on other goods over multiple countries to help shrink budget deficit. The tariffs would match rates imposed on American exports. This move could offset some of the cost associated with extending the 2017 tax cuts. Also, Mr. Trump paused repeal of duty-free treatment of low-cost packages from China after the rapid change created disruptions.

US Fed officials see healthy job market, have mixed views on rate cuts (Source: Reuters):

- Mr. Powell commented he is in no hurry to cut rate citing disappointing progress in inflation and strong labour market
- Ms. Kugler said unemployment rate is consistent with healthy labour market which is neither weakening nor overheating
- Mr. Goolsbee said it is on path back to 2% on inflation side and as inflation comes down it can commensurately be cutting the interest rate
- Mr. Kashkari mentioned that inflation data for next two months, tariffs, and immigration front will shape US Fed policy

China to roll back clean power subsidies (Source: ET): China is planning to reduce renewable energy subsidies after a significant surge in solar and wind power installations. The surge led to achieve its CY30 target six years early. It will implement market-based bidding for new projects starting Jun'25, to encourage clean energy projects while efforts to maintain stable electricity prices for residential and industrial users continue.

China consumer inflation picks up in Jan'25 (Source: CNBC): China's consumer inflation accelerated for the first time since Aug'24 as CPI rose by 0.5% y/y in Jan'25 from 0.1%y/y rise in Dec'24. The rise was driven by a burst of household spending around the Lunar New Year holiday even as deflationary pressures persist.

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