

Tables:

Foreign G-Sec Bond Yield:

| G-sec | Yield (in %) | 1-Day Change in Bps |
|-------------|--------------|---------------------|
| US 10Y* | 4.60 | 6 |
| US 2Y* | 4.33 | 4 |
| Germany 10Y | 2.48 | 5 |
| UK 10Y | 4.54 | 3 |
| Japan 10Y | 1.36 | 5 |

Source: Bloomberg, *semi-annual

G-sec yield:

| G- Sec | Yield (in %) | 1-Day Change in Bps |
|----------------------|--------------|---------------------|
| 7.04% GS 2029* | 6.64 | 0 |
| 6.79% GS 2034* (10Y) | 6.70 | 0 |
| 6.92% GS 2039* | 6.85 | 1 |
| 1-Month T-bill | 6.31 | 6 |
| 3-Month T-bill | 6.44 | 4 |
| 6-Month T-bill | 6.55 | 4 |
| 12-Month T-bill | 6.54 | 0 |

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

| Annualized Spreads | 3-year | 5-year | 7-year | 10-year |
|--------------------|--------|--------|--------|---------|
| AAA | 88 | 81 | 88 | 31 |
| AA | 171 | 167 | 173 | 112 |
| A | 365 | 357 | 366 | 310 |

Source: FIMMDA, as on 11 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 | 4.34 |

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

| Instrument | Volume (in Rs. Bn) | Weighted Avg Rate (%) |
|------------------------|--------------------|-----------------------|
| Call Money | 134.1 | 6.29 |
| Triparty Repo | 4,034.5 | 6.26 |
| Market Repo | 1,586.5 | 6.30 |
| Repo in corporate bond | 18.2 | 6.44 |

Source: RBI, as of 12 Feb, 2025

Major Equity Indices:

| Indices | Last | 1-Day Change % |
|---------------|--------|----------------|
| BSE SENSEX | 76,171 | -0.2 |
| NIFTY | 23,045 | -0.1 |
| NASDAQ | 19,650 | 0.0 |
| S&P 500 | 6,052 | -0.3 |
| Nikkei 225 | 38,964 | 0.4 |
| Euro Stoxx 50 | 5,406 | 0.3 |

Source: Google Finance

Commodities futures:

| Commodities | Last | 1-Day Change % |
|-------------------------------|---------|----------------|
| Brent Crude (USD/bbl) | 74.6 | -2.9 |
| Natural gas Nymex (USD/MMBtu) | 3.7 | 4.0 |
| Gold Comex (USD/t oz.) | 2,935.0 | 0.5 |
| Copper Comex (USD/lb) | 469.0 | 2.0 |
| Wheat cbot (USD/bu.) | 573.0 | -0.8 |

Source: Bloomberg

Exchange Rates:

| Currency pair | Rate | 1-Day Change % |
|---------------|--------|----------------|
| USD/ INR | 86.89 | 0.1 |
| GBP/ INR | 108.18 | 0.2 |
| EUR/ INR | 90.27 | 0.5 |
| EUR/USD | 1.04 | 0.4 |
| DXY Index | 107.79 | -0.2 |

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR auction; **Global:** IEA World Report Feb'25; **China:** Outstanding Loan Growth, TSF Jan'25; **US:** PPI Jan'25; **UK:** GDP CY24; **Philippines:** Policy Rate

News:

Domestic:

Consumer prices cool down on easing food prices (Source: PIB, CEIC): CPI clocked 4.31% y/y in Jan'25 (forecast: 4.60%, Dec'24: 5.22%). CFPI eased significantly to 6.0% from 8.4% in Dec'24, helped by a rapid 2.4% m/m drop in food prices (the fastest decline since Dec'20). Within food, dips were particularly profound in eggs, pulses, and vegetables. Fuel and light prices continued to be lower on year. Core inflation stood at 3.7% y/y, a whiff higher than 3.6% recorded in Dec'24.

NMP 2.0 likely to depend more on select sectors (Source: BS): As per media sources quoting government officials, of the Rs. 10 trn assets to be monetised, Rs. 3.5 trn will be from Roads, Rs. 1.7 trn from Railways, Rs. 1.5 trn from Coal, and Rs. 1.0 trn from Power. The readjustments have been made in the light of underachievement by Railways and Telecom in NMP 1.0.

Industrial production expands solemnly in Dec'24 (Source: PIB): The IIP recorded a growth of 3.2% y/y in Dec'24 (forecast: 3.9%, Nov'24: 5.0%), as manufacturing hit a speed-breaker, increasing by just 3.0% in Dec'24 vs. 5.5% in Nov'24. Both mining and electricity production increased at higher rates but could not offset the impact of manufacturing. Production of infrastructure/construction goods reversed the decline from Nov'24. IIP for 9MFY25 stands at 4.0%.

Mutual funds see copious inflows in Jan'25 on stellar debt performance (Source: AMFI): Total inflows of Rs. 1.86 trn were seen in mutual funds, with Rs. 1.29 trn (up 68% y/y) inflows being seen in open ended debt schemes alone. This was helped by copious allocations to money-market and liquid funds reversing seasonal quarter-end withdrawals seen in Dec'24. Open ended equity funds saw inflows of Rs. 397 bn, also up an impressive 82% y/y.

Income Tax Bill 2025 tabled in Parliament (Source: BS): Key provisions of the Bill:

- Updated definitions for digital transactions, electronic record-keeping, and crypto assets have been given
- Specific references to 'Finance Companies' and 'Finance Units' in relation to dividends
- The Tax Year will now align with Financial Year
- Holding period for debt mutual funds and bonds and unlisted shares, startups, and private equity has been made 2 years instead of 3 years
- Foreign capital gains now face stricter taxation

T-bill and VRR auctions conducted successfully (Source: RBI):

- 91-day T-bill worth Rs. 133.9 bn were sold (notified amount: Rs. 120 bn) at cut-off yield of 6.4445%. 182-day T-bill worth Rs. 81.8 bn were sold (notified amount: Rs. 80 bn) at cut-off yield of 6.5700%. 364-day T-bill worth Rs. 82.9 bn were sold (notified amount: Rs. 80 bn) at cut-off yield of 6.5402%.
- 1-day VRR for a notified amount Rs. 2.50 trn was conducted at a cut-off yield of 6.26%. Rs. 1.94 trn of bids were received and fully allotted

West Bengal presents State Budget for FY26 (Source: Government of WB):

Highlights:

- Revenue receipts are expected to reach Rs. 2.66 trn in FY26BE, up 16.9% from FY25RE. This will be enabled by a sharp increase in state non-tax revenue and grants-in-aid from the Union
- Total expenditure is estimated at Rs. 3.74 trn, with revex at Rs. 3.01 trn (up 11.3%) and capex at Rs. 728 bn (up 19.4%). A 4% hike in DA for State Government employees has been announced
- Fiscal deficit is expected at Rs. 731 bn in FY26BE (3.60% of GSDP vs. 4.02% as per FY25RE). Against this, market loans of Rs. 819.7 bn are forecast
- Nominal GSDP growth is forecast at 11.9% y/y

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International:

US CPI chimes in above estimates (Source: BLS): US consumer prices rose by 3.0% y/y in Jan'25 (forecast: 2.9%, Dec'24: 2.9%). This was driven by an 8.0% increase in transportation, and sharp increase in prices of utility gas and shelter. Core CPI rose 3.3%, faster than expected 3.1%, and accelerating from Dec'24. Sequentially, CPI rose 0.5% m/m and core CPI by 0.4%. Sequential increase in CPI was driven by fuel oil, with shelter accounting for 30% of the increase.

US Budget deficit hits a record (Source: BFS, Bloomberg, Reuters): The Federal Budget deficit stood at a staggering USD 129 bn in Jan'25, well above estimates of USD 88 bn. This is attributed to benefit payment calendar shifts and higher outlays to Social Security, Medicare, and Interest and other costs. The adjustment for benefits paid in advance alone could've reduced the deficit to USD 21 bn. For 4MFY25 (FY is Oct-Sep in the US), Budget deficit stands at USD 840 bn.

US Fed officials tread gingerly on rate cuts post adverse CPI data (Source: Bloomberg):

- Chair Mr. Powell said that the new inflation data shows that the US Fed has more work to do. He added that he sees a way for the Central Bank to keep shrinking its holdings
- Mr. Goolsbee chipped in that more reports like Jan'25's CPI would mean that the job on inflation is not done
- Mr. Bostic said that the US Fed needs more clarity on proposed policy changes in addition to inflation, before rate cuts

World oil demand estimate slashed (Source: OPEC): Global oil demand for CY25 is set to close at 105.2 mbpd, down 0.1 mbpd from Dec'24 estimate. This is owing to downward revision in consumption estimate from China and Africa. Oil production is expected to be 0.1 mbpd higher than earlier estimates.

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