

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.52	-5
US 2Y*	4.26	-4
Germany 10Y	2.56	3
UK 10Y	4.61	0
Japan 10Y	1.41	-1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
6.75% GS 2029*	6.64	0
6.79% GS 2034* (10Y)	6.69	-1
6.92% GS 2039*	6.85	0
1-Month T-bill	6.27	-3
3-Month T-bill	6.44	0
6-Month T-bill	6.55	0
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	87	84	94	36
AA	162	169	178	115
A	352	362	372	310

Source: FIMMDA, as on 16 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	4.37

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	144.1	6.35
Triparty Repo	4,018.6	6.25
Market Repo	1,606.9	6.28
Repo in corporate bond	19.9	6.47

Source: RBI, as of 18 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	75,939	0.0
NIFTY	22,932	-0.1
NASDAQ	20,056	0.1
S&P 500	6,144	0.2
Nikkei 225	39,164	-0.3
Euro Stoxx 50	5,461	-1.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	75.8	-0.7
Natural gas Nymex (USD/MMBtu)	4.4	9.7
Gold Comex (USD/t oz.)	2,955.6	-0.2
Copper Comex (USD/lb)	460.9	-0.9
Wheat cbot (USD/bu.)	608.0	-1.9

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	86.96	0.0
GBP/ INR	109.36	-0.2
EUR/ INR	90.54	-0.1
EUR/USD	1.04	-0.1
DX Index	107.01	0.0

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: T-Bill, VRR Auction; **US:** Initial Jobless Claims; **Germany:** PPI Jan'25; **China:** Policy Rate

News:

Domestic:

EPFO mulls halving investment limits in debt instruments (Source: ET): According to media sources, the Labour Ministry will soon seek approval from the Finance Ministry to halve the investments of the EPFO in debt instruments to 10%. The move is prompted by lower yields than SGS and insufficient supply of public sector bonds.

Central Bank hopeful of domestic deliverance amidst global risks (Source: RBI): Highlights of RBI Bulletin for Feb'25:

- Global economic recovery is divergent, and financial markets remain on edge owing to slow disinflation and potential impact of tariffs. High frequency indicators portend recovery in H2FY25, with Budget measures providing support
- Outstanding NRI deposits rose 10% y/y to USD 162 bn as of Dec'24 despite adverse rates. Flows in 9MFY25 continue to exceed those in the previous comparative period owing to healthy FCNR(B) momentum
- The RBI sold USD 15.1 bn (on net basis) in the spot forex market in Dec'24, a tad lower than Nov'24's record sale. The net short position in the forward market rose further to USD 67.9 bn from USD 58.9 bn in Nov'24. REER moderated to 104.8 in Jan'25 vs. 107.2 in Dec'24
- Gross ECB registrations rose sharply by 86% y/y in Dec'24 to USD 9.5 bn, due to pick up in issuances by corporate manufacturing and NBFCs. Net ECB flows in 9MFY25 stood at USD 15.6 bn, nearly 3x the flows in 9MFY24

Union explores shoring up trade with Qatar (Source: ET): Union is targeting to double its trade with Qatar in the next 5 years to USD 28 bn and exploring signing free trade agreement, broaden energy ties, increase investments and exchange technology, while revised agreement for double taxation avoidance was exchanged

Rajasthan presents State Budget for FY26BE (Source: Government of Rajasthan):

- Total revenue receipts are expected to rise by 12.2% to Rs. 2.9 trn in FY26BE (v. FY25RE)
- Total expenditure is estimated to rise 7.7% to Rs. 5.4 trn in FY26BE, driven by 10.5% rise in revex to Rs. 3.3 trn and 3.5% rise in capex to Rs. 2.1 trn
- Fiscal deficit is expected to rise ~21% to Rs. 846 bn at 4.3% of GSDP in FY26BE, from 3.9% in FY25RE
- Nominal GSDP is expected to grow by 11.5% y/y in FY26

SGS and VRR auctions conducted successfully (Source: RBI):

- SGS worth Rs. 298 bn were auctioned by 12 states with yields ranging between 6.86% - 7.18%. Notably, 10Y yield stood at 7.15%.
- 2-day VRR worth Rs. 717 bn were auctioned, against a notified amount of Rs. 1 trn, at a cut-off yield of 6.26%.

International:

US Fed officials indicated caution on tariffs in Jan'25 meeting (Source: US Federal Reserve, CNBC): Minutes of Jan'25 FOMC showed that officials felt they would need to see inflation come down more before cutting rates again, subject to maximal employment. They are wary of upside risks due to Mr. Trump's tariffs on inflation. The FOMC noted that policy is "significantly less restrictive" than it had been before cuts. US Fed officials also pondered slowing or pausing bond drawdown.

POTUS proposes increased tariffs across key sectors (Source: Bloomberg): Mr. Trump has proposed to levy 25% tariffs on imported automobiles, pharmaceuticals and semiconductor chips, with further probable hikes, to promote domestic manufacturing, mainly targeting EU and Asia.

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US Fed officials hit pause on rate moves, focus on inflation (Source: Reuters, US Fed):

- Mr. Bostic is comfortable with a pause, as confidence around inflation outlook diminishes, owing to difficulty in factoring policy changes.
- Mr. Jefferson feels US Fed could take time for next rate move with strong economy and solid labour market, as inflation remains bumpy.
- Mr. Goolsbee interjected that inflation has fallen but needs to lower more before rates can be further slashed.

China holds policy rate steady (Source: Reuters): PBoC kept the benchmark 1Y loan prime rate at 3.1% and 5Y loan prime rate at 3.6%, despite a flailing economy, as pressure mounts on CNY amidst threats of higher tariffs.

China policymakers confident on growth of private sector (Source: Reuters): China's state planner claims that political, economic and social environment is conducive for development of private economy and pledged to implement policies to help ease difficulties in doing business like revising restrictions in investments in certain sectors and promoting access to infrastructure to private enterprises.

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