

## Tables:

## Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.49	-3
US 2Y*	4.26	0
Germany 10Y	2.53	-3
UK 10Y	4.61	0
Japan 10Y	1.39	-2

Source: Bloomberg, \*semi-annual

## G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
6.75% GS 2029*	6.65	0
6.79% GS 2034* (10Y)	6.70	2
6.92% GS 2039*	6.86	1
1-Month T-bill	6.35	8
3-Month T-bill	6.40	-4
6-Month T-bill	6.54	-1
12-Month T-bill	6.55	1

Source: CCL, Bloomberg, \*semi-annual

## Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	90	84	94	41
AA	165	169	178	120
A	355	362	372	315

Source: FIMMDA, as on 18 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	4.35

Source: RBI, Federal Reserve Bank of New York

## Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	164.6	6.35
Triparty Repo	3,887.8	6.20
Market Repo	1,662.1	6.27
Repo in corporate bond	20.8	6.51

Source: RBI, as of 20 Feb, 2025

## Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	75,736	-0.3
NIFTY	22,913	-0.1
NASDAQ	19,962	-0.5
S&P 500	6,118	-0.4
Nikkei 225	38,678	-1.2
Euro Stoxx 50	5,461	0.0

Source: Google Finance

## Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	76.4	0.8
Natural gas Nymex (USD/MMBtu)	4.2	-4.3
Gold Comex (USD/t oz.)	2,948.6	-0.2
Copper Comex (USD/lb)	464.4	0.8
Wheat cbot (USD/bu.)	601.8	-1.0

Source: Bloomberg

## Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	86.45	-0.6
GBP/ INR	109.52	0.1
EUR/ INR	90.72	0.2
EUR/USD	1.05	0.6
DXY Index	106.43	-0.5

Source: Morningstar, Bloomberg, Marketwatch

## Today's Key Macro Events:

**India:** MPC Minutes, VRR auctions, G-sec auction; **Flash PMI Feb'25:** India, US, Eurozone; **Japan:** CPI Jan'25; **UK:** Retail sales Jan'25; **US:** U. Mich Index Feb'25

## News:

Domestic:

**Open market operations conducted successfully by the Central Bank (Source: RBI):** OMO purchases worth Rs. 400 bn were conducted across 6 securities, with demand worth Rs. 1.87 trn elicited. With this OMO, cumulative net OMO purchases in YTFY25 have reached Rs. 1.15 trn, highest level seen since FY22.

**CPSE capex up on year (Source: FE):** Investments by Union agencies and CPSEs rose 11.5% y/y to Rs. 6.79 trn in 10MFY25 (combined target for FY25: Rs. 7.8 trn). NHAH emerged as the top spender, with its capex rising 34% to Rs. 1.93 trn – which has already exceeded FY25 full year estimates. Railways investment remains morose, dipping 9%. Oil PSUs and NTPC were also above trend.

**Fuel unlikely to come in GST ambit for now (Source: Informist):** Media sources quoting Finance Ministry officials said that the government's plan to bring fuel items in GST web may not see the light of day owing to daunting revenue implications for both the Union and State.

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

- 1-day VRR for a notified amount of Rs. 1 trn saw bids worth Rs. 1.34 trn and allocation of Rs. 1 trn at a cut-off yield of 6.27%
- Overnight VRR auction for Rs. 500 bn saw bids and allotment worth Rs. 329 bn at a cut-off yield of 6.26%
- No bids were accepted for 91-day or 182-day T-bills, even though bids greater than notified amount were received. Rs. 70.37 bn of 364-day T-bills were accepted against notified amount of Rs. 70 bn at a cutoff yield of 6.5638%

**Uttar Pradesh State Budget for FY26 tabled (Source: Government of UP, ET, TOI):** Highlights:

- Revenue receipts are expected to touch Rs. 6.62 trn in FY26BE, up 21% over FY25RE
- Total expenditure is estimated to touch Rs. 8.09 trn in FY26BE, with Rs. 5.83 trn of revex and Rs. 2.26 trn of capex. Key expenses include four new expressways, plan to transform 58 municipalities into smart cities, a solar city in Ayodhya, and 8 data centre parks (Rs. 300 bn, 900 MW)
- Fiscal deficit is expected to compress to Rs. 914 bn in FY26BE (FY25RE: Rs. 948 bn), which 2.97% of GSDP. Against this, market borrowings of Rs. 771.5 bn would be made

**Gujarat presents State Budget for FY26 (Source: Government of Gujarat):** Highlights:

- Revenue receipts are expected to touch Rs. 2.52 trn in FY26BE, up 8.6% over FY25RE. This will be driven by healthy growth in SGST and levies on stamps and registration
- Expenditure is expected to go up by a healthy 17% to Rs. 3.66 trn, boosted by a wholesome 30% rise in capex to Rs. 1.34 trn, while revex is set to rise by a softer 10%. Expenditure quality remains superlative.
- Key projects include two new expressways, Rs. 27.3 bn allocated for metros, Rs. 36 bn allocated industry and startups, and Rs. 20 bn for textile units. Urban department Budget has been raised by 40% to Rs. 303 bn
- Fiscal deficit target for FY26 has been set at Rs. 584 bn, which is 1.96% of GSDP (FY25RE: 1.89%). This will be assuaged by an internal debt of Rs. 765 bn and Union advances of Rs. 130 bn
- Nominal GSDP is estimated to grow by 11.6% y/y in FY26, quicker than FY25 at 10.2%

International:

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**US Fed officials weigh in on policy decisions amid uncertainty (Source: Reuters):**

- Mr. Goolsbee reassured that US PCE is not likely to be as sobering as CPI. He added that employment is stable, and that credit conditions are tight. He said he is nervous about supply shocks but fondly remembers 2018 tariffs not having a material impact on inflation
- Ms. Kugler said that policy rate should stay put for some time as there is some way to go for inflation to go. Mr. Musalem too warned about higher inflation expectations, while Mr. Jefferson confirmed that the US Fed can take time before the next rate decision
- Mr. Bostic exclaimed that the baseline expectation is for two 25-bps rate cuts later this year, but there is significant uncertainty on both sides
- Mr. Barr mulled over financial stability as he stressed the need to focus on climate risk and non-bank sector, saying capital requirements must be aligned with risks

**Mr. Trump looks to extend his gamut of tariffs (Source: Reuters):** The POTUS added lumber and forest products to the list of goods which are set to face increased tariffs. He said the formal announcement would come next month or sooner, with take rate taking effect from 2 Apr'25.

**US jobless claims chime a tad worse than usual as Philly Fed paints a picture of gloom (Source: Reuters):** US initial jobless claims for the week ended 15 Feb'25 rose to 219k, up 5k from the previous week and worse than estimates. Philly Fed indices revealed that manufacturing growth cooled as general activity index dropped from 44.3 to 18.1. Price pressures hit multi-year highs.

**Japan's core CPI roars above expectations (Source: Statistics Bureau of Japan, Reuters, Action Forex):** Core core CPI (excludes fresh food and fuel), the preferred gauge for the BoJ clocked 2.5% y/y in Jan'25. This was the fastest on-year pace since Mar'24. Core CPI (excludes only fresh food) printed 3.2% y/y, a 19-month high. Overall CPI registered a mind-boggling 4.0% increase. The increases in core CPI and overall CPI were due to sharp rise in fuel costs as gasoline subsidies were reduced. The overall CPI also saw the impact of a 71% rise in rice prices, the sharpest such rise since data collection began in CY71.

**PBoC outlines goals in annual Macro-Prudential Work Conference (Source: fxstreet):** The Chinese Central Bank promised to innovate macro-prudential policy tools to promote sustained recovery. It articulated its focus as the real economy and people's need for financial services. It pledged to arrest the fall in the property market. It added that it would develop the offshore CNY market.

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