

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.43	-6
US 2Y*	4.20	-6
Germany 10Y	2.47	-6
UK 10Y	4.57	-4
Japan 10Y	1.42	3

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
6.75% GS 2029*	6.67	2
6.79% GS 2034* (10Y)	6.71	0
6.92% GS 2039*	6.87	1
1-Month T-bill	6.30	-5
3-Month T-bill	6.40	0
6-Month T-bill	6.51	-3
12-Month T-bill	6.54	-1

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	91	96	95	41
AA	166	181	179	120
A	356	374	373	315

Source: FIMMDA, as on 20 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	4.33

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	125.0	6.29
Triparty Repo	3,884.0	6.18
Market Repo	1,606.3	6.26
Repo in corporate bond	18.7	6.46

Source: RBI, as of 21 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	75,311	-0.6
NIFTY	22,796	-0.5
NASDAQ	19,524	-2.2
S&P 500	6,013	-1.7
Nikkei 225	38,776	0.3
Euro Stoxx 50	5,474	0.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.4	-2.6
Natural gas Nymex (USD/MMBtu)	4.2	0.7
Gold Comex (USD/t oz.)	2,953.2	0.2
Copper Comex (USD/lb)	461.6	-0.6
Wheat cbot (USD/bu.)	604.0	0.4

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	86.71	0.3
GBP/ INR	109.30	-0.2
EUR/ INR	90.50	-0.2
EUR/USD	1.05	-0.4
DXY Index	106.64	0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; China: FDI Jan'25

News:

Domestic:**Growth takes priority over inflation in the Feb'25 MPC (Source: RBI MPC Minutes):**

- Governor Mr. Malhotra views lower policy rate to be essential for high growth amidst waning inflation. This view was largely agreed to by Mr. Rao and Mr. Ranjan
- Mr. Bhattacharya expressed cautious optimism on disinflation, with restrictive repo rate damaging growth impulses. Transmission of rate cuts through EBLR pricing and increased liquidity bodes well for MSME sector.
- Prof. Ram Singh made a strong case for rate cuts, with low core inflation and food inflation primarily driven by supply-side, while claiming that good fundamentals mute the prospects of imported inflation
- Dr. Nagesh Kumar emphasized the need to support growth, arguing that ambitious cuts of 50 bps could signal commitment in reviving growth.

Union considers support for power utilities (Source: Reuters): According to media sources, the Union is considering injecting cash into state-owned DISCOMs. A group of ministers was appointed to identify such companies, design a fiscal discipline program and suggest measures to promote private investments.

RBI Deputy Governor warns about certain risks in the banking system (Source: RBI): Mr. Rao has flagged excessive borrowing of unsecured loans, euphoria over derivatives in capital markets, risks of reckless financialization and dangers of over-reliance on AI.

RBI plans to inject liquidity through USD/INR Buy/Sell Swap (Source: RBI): RBI has decided to inject INR liquidity through USD/INR Buy/Sell Swap worth USD 10 bn for a tenor of 3 years, with auction taking place on 28th Feb'25.

G-Sec and 3 VRR auctions conducted successfully (Source: RBI):

- 6.75% GS 2029 worth Rs. 140 bn were auctioned at a cut-off rate of 6.6806%. 7.34% GS 2064 worth Rs. 150 bn were auctioned at a cut-off rate of 7.1168%. 6.98% SGrB 2054 worth Rs. 50 bn were auctioned at a cut-off rate of 7.1079%.
- 45-day VRR worth Rs. 580 bn were auctioned, against a notified amount of Rs. 750 bn, at a cut-off rate of 6.26%. 14-day VRR worth Rs. 411 bn were auctioned against a notified amount of Rs. 750 bn, at a cut-off rate of 6.26%. 3-day VRR worth Rs. 950 bn were auctioned, against a notified amount of Rs. 1.75 trn, at a cut-off rate of 6.26%.

International:**Manufacturing activity outpaces services in Advanced Economies (Source: S&P Global):**

- US flash manufacturing PMI rose to 51.6 in Feb'25 (Jan'25: 51.2, Exp: 51.5), while services PMI slumped to 49.7 in Feb'25 (Jan'25: 52.9, Exp: 53), driven by weakening demand from policy uncertainty. Flash composite PMI fell to 50.4 in Feb'25, from 52.7 in Jan'25, barely expansionary.
- Eurozone flash manufacturing PMI rose to 47.3 in Feb'25 (Jan'25: 46.6, Exp: 47), while flash services PMI fell to 50.7 in Feb'25 (Jan'25: 51.3, Exp: 51.5), amid muted demand conditions and high wage rise. Flash composite PMI stabilized at 50.2 in Feb'25, same as Jan'25.

EU considers paring back sustainability regulations to boost local industries (Source: Reuters): According to media sources, this is to ensure competitiveness vs. US. The disclosures for sustainability reporting shall be undertaken by companies with 1,000+ employees and EUR 450 mn turnover from previous 250+ employees and EUR 40 mn turnover and requirement of in-depth assessment of direct business partners only, leaving out other supply chain entities.

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Feb 24, 2025



SBICAPS Daily Digest

US Fed official concerned on steel tariffs (Source: Bloomberg): Mr. Goolsbee opined that steel tariffs will raise production costs, but impact on inflation will be debatable, with any larger measure impacting significantly.

Japan determined to allow yields to be market-determined: BoJ Governor (Source: Reuters): Mr. Ueda reiterated BoJ's stance of allowing market forces to determine long-term interest rates, stating that bond buying will increase only if abnormal market moves trigger sharp rise in yields.

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