

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.28	-4
US 2Y*	4.08	-4
Germany 10Y	2.43	-1
UK 10Y	4.50	1
Japan 10Y	1.37	1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
6.75% GS 2029*	6.62	-2
6.79% GS 2034* (10Y)	6.71	0
6.92% GS 2039*	6.86	0
1-Month T-bill	6.36	2
3-Month T-bill	6.33	-1
6-Month T-bill	6.52	-1
12-Month T-bill	6.52	0

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	96	89	76	34
AA	171	174	160	113
A	361	367	354	308

Source: FIMMDA, as on 24 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	148.9	6.31
Triparty Repo	4,191.8	6.23
Market Repo	1,581.0	6.28
Repo in corporate bond	18.7	6.45

Source: RBI, as of 25 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	74,602	0.2
NIFTY	22,548	0.0
NASDAQ	19,075	0.3
S&P 500	5,956	-0.7
Nikkei 225	38,196	-0.1
Euro Stoxx 50	5,528	0.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	72.8	-0.4
Natural gas Nymex (USD/MMBtu)	3.9	-6.7
Gold Comex (USD/t oz.)	2,927.9	0.1
Copper Comex (USD/lb)	456.6	-2.6
Wheat cbot (USD/bu.)	577.0	-1.9

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.21	0.0
GBP/ INR	110.47	0.3
EUR/ INR	91.16	-0.2
EUR/USD	1.05	-0.2
DXI Index	106.61	0.1

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: T-Bill Auction, VRR Auction; **US:** PCE, GDP CY24, Durable Goods Orders Jan'25, Jobless Claims

News:

Domestic:**RBI lowers risk weights on bank finance to NBFC, microfinance loans (Source: RBI):**

- RBI has lowered the risk weight on the exposure of SCBs lending to NBFCs and microfinance loans, to unlock more funds and boost credit
- The risk weight on the exposures was increased by 25 pp in Nov'23 in the case of NBFCs. This reversal would come into effect from 1 Apr'25
- The RBI reduced risk weight for banks on consumer microfinance by 25pp to 100%. Further, microfinance loans extended by RRBs and LABs shall now attract a risk weight of 100%

Microfinance loans shrink in Q3FY25 (Source: BS): The gross loan portfolio in the micro finance segment shrunk by 3.5% y/y to Rs. 3.85 trn during Q3FY25 due to curtailed funding and strict credit underwriting. Also, the portfolio at risk (share of loans overdue for 30-180 days) rose to 6.4% during Q3FY25 from 2% in Q3FY24.

Union mulls USD 1 bn subsidy plan to boost solar manufacturing (Source: BS): As per media sources, Union is planning a USD 1 bn subsidy plan to bolster solar manufacturing. The scheme is expected to target high cost of domestic manufacturing of wafers and ingots due to logistic and quality controls. The plan is being made by the MNRE and will come to the Cabinet in a few months.

Union plans for National Green Financing Institution (Source: BS): As per NITI Aayog, this is to support its net-zero target by CY70. It added that the primary purpose of the institution will be to aggregate green capital from different sources and lower the cost of capital.

Union considers bankruptcy law revamp (Source: ET): The new proposals would allow courts to manage insolvencies of interconnected businesses rather than as standalone units. Other measures encourage interim financing that would allow lenders to participate in creditor meetings as observers.

EU pushes for tariff cuts with India but unwilling to move on CBAM (Source: BS): EU is pushing for reduced tariffs on key exports such as whiskey, wine, and automobiles as part of its negotiations for FTA with India. However, the EU remains unwilling to give any concessions on CBAM or deforestation regulations, with India's concerns being deemed "illegitimate".

Union likely to extend steel raw material import restriction (Source: BS): As per media sources, Union may extend restriction on low ash met coke imports beyond Jun'25 to encourage procurement from domestic suppliers. It has imposed country-specific quotas, restricting total overseas purchases to 1.4 mn tonne from Jan'25.

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

- SGS worth Rs. 410 bn were auctioned by 17 states with 10Y yields ranging between 7.17% - 7.20%
- 2-day VRR worth Rs. 750 bn were auctioned (bids received: Rs. 1.15 trn), at cut-off yield of 6.26%

International:

Ukraine-USA deal in the works (Source: BBC, NYT): Ukrainian PM and POTUS confirmed that they had finalized a version of the rare earths deal which would lead to set up of an investment fund for reconstruction, jointly managed by USA and Ukraine. Ukraine would contribute 50% of future proceeds from state-owned mineral resources, oil and gas to the fund, and the fund would then invest in projects in Ukraine itself. The US has declined to give any security guarantees. The deal is expected to be formally signed on 28 Feb'25. Meanwhile, Russia offered a deal for foreign collaboration on minerals in its territory to the USA.

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US continues aggressive stance on restricting trade (Source: BBC, Bloomberg):

- Mr. Trump said he is planning to levy 25% tariffs on EU very soon specially categorizing tariff on cars. EU said there would be a sharp response
- The US is planning to further restrict the quantity and types of semiconductor chips that can be exported to China without license.

US Fed official floats idea of discount-window loan auction facility (Source: Reuters):

- Ms. Logan floated idea of allocating part of US Fed's balance sheet to loans and repos and improve efficiency and effectiveness of policy implementation
- Mr. Barkin said he will follow wait and watch approach until it is clear inflation is returning to the Fed's 2% target

China to start recapitalizing banks (Source: Bloomberg): As per media sources, China is planning to inject at least USD 55 bn into big banks in coming months as part of a broader stimulus package. The first batch of banks include Agricultural Bank of China and Bank of Communications. The plan could be completed by end of Jun'25 and the amount for each bank is still being finalised.

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