

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.56	5
US 2Y*	4.26	6
Germany 10Y	2.38	-8
UK 10Y	4.49	-5
Japan 10Y	1.25	2

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.60	-3
6.79% GS 2034* (10Y)	6.67	-3
6.92% GS 2039*	6.81	-2
1-Month T-bill	6.40	-2
3-Month T-bill	6.50	-5
6-Month T-bill	6.61	-2
12-Month T-bill	6.61	4

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	63	56	42	36
AA	146	142	127	121
A	340	332	320	319

Source: FIMMDA, as on 31 Jan, 2025

Key rates:

Policy	Rate (in %)
Repo rate	6.50
Standing Deposit Facility Rate	6.25
Bank rate	6.75
1-year median MCLR of SCBs	9.00
SOFR	4.38

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	118.3	6.56
Triparty Repo	4,053.1	6.38
Market Repo	1,587.0	6.54
Repo in corporate bond	21.8	6.76

Source: RBI, as of 03 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,187	-0.4
NIFTY	23,361	-0.5
NASDAQ	19,392	-1.2
S&P 500	5,995	-0.8
Nikkei 225	38,520	-2.7
Euro Stoxx 50	5,218	-1.3

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	75.4	-0.3
Natural gas Nymex (USD/MMBtu)	3.3	9.9
Gold Comex (USD/t oz.)	2,850.3	0.5
Copper Comex (USD/lb)	433.9	1.4
Wheat cbot (USD/bu.)	563.8	0.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.19	0.7
GBP/ INR	108.02	0.6
EUR/ INR	89.66	0.1
EUR/USD	1.03	-0.4
DXI Index	108.70	0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: SGS, VRR Auctions; US: Factory Orders Dec'24, JOLTS Dec'24

News:

Domestic:

International demand boosts manufacturing activity in Jan'25 (Source: S&P Global): Manufacturing PMI rose to 6-month high of 57.7 in Jan'25, from 56.4 in Dec'24, driven by strong growth in new orders and steepest upturn in exports since Feb'11. Input cost pressures rose at weakest pace since Feb'24, while moderate rise in output prices was indicative of rising demand.

Coal production accelerates in FY25 aided by captives (Source: PIB): Coal production in Jan'25 stood at 100.4 mn tonnes, up 4.4% y/y, with captives showing an impressive 33% growth to 19 mn tonnes (a record high). Despatches rose 6.3% y/y to 92.4 mn tonnes. In 10MFY25, production rose to 830.7 mn tonnes, up 5.9% y/y, with captive production stealing the show.

Union working on toll policy for national highways (Source: ET): MoRTH Minister Mr. Gadkari announced that Union is working on uniform toll policy to address problems faced by commuters. He interjected that in the absence of new scheme to replace the Bharatmala, projects worth Rs. 500-600 bn are yet to be approved.

Fitch Ratings underscores fiscal factors as constraints for sovereign ratings (Source: BS): According to sources, a sovereign ratings upgrade is constrained by structural fiscal factors like high public debt vis-à-vis peer countries, as less than durable economic activity could put further pressure on fiscal side.

Union official believes tax relief could drive bank deposits (Source: The Hindu Businessline): Financial Services Secretary Mr. Nagaraju exclaimed that Budget proposal to raise income tax exemption limit and TDS threshold on FD interests is expected to boost bank deposits by Rs. 400-500 bn, spurring lending.

Union and RBI consider easing FEMA regulations (Source: ET): According to Economic Affairs Secretary Mr. Seth, the Union and RBI are collaboratively focussed on simplifying FEMA regulations and modernizing them within the next 3-4 months, to attract foreign investments.

VRR auctions conducted successfully (Source: RBI): 1-day VRR worth Rs. 488 bn were auctioned, against a notified amount of Rs. 750 bn, at a cut-off yield of 6.51%.

International:

POTUS hits pause on tariff plans as leaders sit at the discussion table (Source: CNN): POTUS Mr. Trump announced the pause on tariffs on Mexico and Canada for 30 days after speaking to the leaders of both nations, as they agreed to bolster their respective borders with the US. The pause enables further negotiations of possible trade deals between the 3 nations. Notably, Mr. Trump also interjected about getting in talks with China soon.

China considers restoring trade deal with US to avoid trade war (Source: Reuters): According to WSJ reports, China is focused on restoring the "Phase 1 Trade Deal" with US, which includes a pledge to not devalue the CNY, and an offer invest more in the US

Global manufacturing activity turns expansionary in Jan'25, Europe remains a laggard (Source: S&P Global):

- Global manufacturing PMI turned expansionary to 50.1 in Jan'25, from 49.6 in Dec'24, driven by rising new orders, outputs, offset by contracting new orders, indicative of possible deterioration in trade deals.
- US manufacturing PMI returned to growth at 51.2 Jan'25, from 49.4 in Dec'24
- Eurozone manufacturing PMI rose to 8-month high of 46.6 in Jan'25 from 45.1 in Dec'24, though remaining contractionary

Contd...

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Eurozone inflation print rises at faster than expected pace (Source: CNBC): Eurozone inflation rose at a rate of 2.5% y/y in Jan'25, higher than expectations of 2.4% y/y and a similar clip in Dec'24, driven by 1.8% y/y surge in energy prices in Jan'25, as base effects fade. Notably, core inflation has grown at a constant pace of 2.7% y/y in Jan'25, since Sep'24, owing to stubborn services inflation.

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