

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.51	-5
US 2Y*	4.22	-4
Germany 10Y	2.39	1
UK 10Y	4.52	3
Japan 10Y	1.28	3

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.60	0
6.79% GS 2034* (10Y)	6.67	1
6.92% GS 2039*	6.81	1
1-Month T-bill	6.33	-7
3-Month T-bill	6.46	-4
6-Month T-bill	6.59	-2
12-Month T-bill	6.59	-2

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	96	57	88	88
AA	179	143	173	172
A	373	333	366	370

Source: FIMMDA, as on 03 Feb, 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	4.35

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	171.4	6.50
Triparty Repo	3,901.4	6.27
Market Repo	1,613.9	6.42
Repo in corporate bond	20.5	6.73

Source: RBI, as of 04 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,584	1.8
NIFTY	23,739	1.6
NASDAQ	19,654	1.4
S&P 500	6,038	0.7
Nikkei 225	38,798	0.7
Euro Stoxx 50	5,265	0.9

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	75.8	0.5
Natural gas Nymex (USD/MMBtu)	3.2	-3.6
Gold Comex (USD/t oz.)	2,880.0	1.0
Copper Comex (USD/lb)	436.2	0.5
Wheat cbot (USD/bu.)	577.8	2.5

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.08	-0.1
GBP/ INR	108.67	0.6
EUR/ INR	90.38	0.8
EUR/USD	1.04	0.6
DXI Index	107.89	-0.7

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: T-Bill, VRR Auctions; **Services PMI Jan'25:** India, Global, China, US, Eurozone; **US:** ADP Private Payrolls Jan'25, Trade Balance Dec'25

News:

Domestic:

S&P Global reaffirms positive outlook on sovereign rating (Source: ET): S&P Global anticipates Union to meet fiscal consolidation targets, despite revenue loss from tax cuts, supported by RBI dividend and disciplined capital spending. It expects overall government deficit to fall to 6.8% by FY28, from 7.8% in FY25. Real GDP growth is pegged at 6.7% y/y in FY25 and 6.8% y/y in FY26 driven by strong consumer spending and continued public investments.

Union in works on GST rate rationalization (Source: BS): Finance Minister Ms. Sitharaman interjected that the work on simplifying GST with fewer and lower rates is almost complete and decision will be announced soon.

Rabi sowing grows at robust pace in YTFY25 (Source: PIB): Area sown under rabi crops grew 1.5% y/y in YTFY25 as of Feb'24 to 66.1 mn hectare, 4% y/y above normal, driven by 2% y/y growth in area under wheat to 32.5 mn hectare.

BMC presents Budget for FY26 (Source: The Hindu): A Budget for Rs. 744.3 bn was presented for FY26 (FY25BE: Rs. 651.8 bn). The BMC requested the State government to issue a directive ensuring that 50% of the premium for additional Floor Space Index (FSI) is allocated to it. A vacant land tenancy policy has also been finalised. Several healthcare entities will also now be shifted to PPP mode.

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

- SGS worth Rs. 334 bn were auctioned by 13 states, against a notified amount of Rs. 336 bn, with cut-off yields ranging between 6.75% - 7.18%. Notably, 10Y yields ranged between 7.08% - 7.11%.
- 1-day VRR worth Rs. 250 bn were auctioned, with bids received worth Rs. 255 bn, at a cut-off yield of 6.51%.

International:

POTUS proposes potential Gaza takeover for development (Source: CNBC): POTUS Mr. Trump announced that US could potentially takeover the Gaza Strip. Israeli PM Mr. Netanyahu thinks this historic decision is worth pursuing. According to media sources, policymakers of neighbouring countries have rejected the proposal.

US Fed officials advocate for "wait and watch" strategy (Source: Bloomberg):

- Ms. Daly interjected that US Fed is in a good position to wait and see, with continued economic momentum despite uncertainty.
- Mr. Jefferson feels there's no hurry to cut rates amidst continued disinflation and a strong economy warranting a cautious approach.

China retaliates in an apparent trade skirmish (Source: Reuters, CNBC): China imposed targeted tariffs on key imports from US including 10% levy on oil and 15% on coal and LNG, while starting a probe on a US tech giant in China, as a retaliatory effort on US tariff levies on Chinese goods. Further, China expanded export restriction on 5 key minerals used across industries like defense and clean energy.

EU seeks proactive approach to avert potential US tariffs (Source: Reuters): EU trade chief Mr. Sefcovic wants to engage swiftly with US to avoid potential tariffs. European Commission President Ms. von der Leyen said the tough negotiations would focus on critical supply chains and emerging technologies.

Economic activity in Asia gathers strong momentum (Source: S&P Global):

- China services PMI remains expansionary at 51 in Jan'25 (Dec'24: 52.2), driven by modest rise in new orders, offset by cost pressures. Composite PMI stood at 51.1 in Jan'25, from 51.4 in Dec'24.
- Japan services PMI rose to 53 in Jan'25 (Dec'24: 50.9, Flash: 52.7, taking composite PMI to 51.1 in Jan'25 (Dec'24: 50.5), its best since Sep'24.

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Details of Research Analysts

Name	Rajan Jain	Name	Siddharth Sarma
Qualification	PGDBA	Qualification	MBA
Designation	Head- Credit Research	Designation	Associate

Details of Research Analyst entity

Name	SBI Capital Markets Limited
Registration Number	INH000007429
Address	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
Telephone Number	+91 22 4196 8300
Compliance Officer	Bhaskar Chakraborty
Email id	compliance.officer@sbicaps.com
Telephone Number	+91 22 4196 8542

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