

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.42	-9
US 2Y*	4.19	-3
Germany 10Y	2.36	-3
UK 10Y	4.43	-9
Japan 10Y	1.27	-1

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
7.04% GS 2029*	6.59	0
6.79% GS 2034* (10Y)	6.66	-1
6.92% GS 2039*	6.81	-1
1-Month T-bill	6.32	-1
3-Month T-bill	6.46	0
6-Month T-bill	6.57	-2
12-Month T-bill	6.53	-6

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	93	88	90	89
AA	176	174	175	173
A	370	364	368	371

Source: FIMMDA, as on 04 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	4.33

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	111.0	6.46
Triparty Repo	3,715.8	6.25
Market Repo	1,684.5	6.34
Repo in corporate bond	19.4	6.59

Source: RBI, as of 05 Feb, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	78,271	-0.4
NIFTY	23,696	-0.2
NASDAQ	19,692	0.2
S&P 500	6,061	0.4
Nikkei 225	38,831	0.1
Euro Stoxx 50	5,271	0.1

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.8	-1.3
Natural gas Nymex (USD/MMBtu)	3.3	3.1
Gold Comex (USD/t oz.)	2,888.8	0.3
Copper Comex (USD/lb)	449.4	3.0
Wheat cbot (USD/bu.)	570.5	-1.3

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.46	0.4
GBP/ INR	109.28	0.6
EUR/ INR	90.84	0.5
EUR/USD	1.04	0.1
DXI Index	107.66	-0.2

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auctions; **US:** Initial Jobless Claims, Challenger Report; **Eurozone:** Retail Sales Dec'24; **UK:** Policy Rate

News:

Domestic:

Services activity remains expansionary, albeit at a slower pace in Jan'25 (Source: S&P Global): Services PMI stood at 56.5 in Jan'25, from 59.3 in Dec'24, remaining firmly expansionary, albeit at its lowest showing since Nov'22. New orders expanded strongly, although at the softest rate in 14 months. Composite PMI fell to 57.7 in Jan'25 from 59.2 in Dec'24, driven by manufacturing.

Union plans measures to improve trade ties with US (Source: ET): According to CBDT Chairman Mr. Agarwal, Union plans to review import tariffs on 30+ items including solar cells, chemicals and luxury cars, to potentially increase imports from the US, amidst concerns of trade slowdown. He also alluded that import of US oil could potentially increase to correct the trade imbalance.

Prudent fiscal management likely to soften G-sec yields: DEA Secy (Source: BS): Mr. Seth said that FY26 borrowing will be less than in FY25, and the government will leave enough into the market for the private sector to pick-up. Accordingly, he opined that while other factors are there, fiscal consolidation would soften yield.

Union rejects industry demand for waivers on co-lending (Source: BS): According to media sources, Union has rejected a recommendation by panel of banking industry to remove 18% GST on activities related to co-lending among commercial banks and NBFCs which could boost credit growth.

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

- 91-day T-Bill worth Rs. 185 bn were auctioned, against a notified amount of Rs. 120 bn, at a cut-off yield of 6.4681%. 182-day T-Bill worth Rs. 87 bn were auctioned, against a notified amount of Rs. 80 bn, at a cut-off yield of 6.5801%. 364-day T-Bill worth Rs. 81 bn were auctioned, against a notified amount of Rs. 80 bn, at a cut-off yield of 6.5440%.
- 1-day VRR worth Rs. 212 bn were auctioned, against a notified amount of Rs. 250 bn, at a cut-off yield of 6.51%.

International:

US trade deficit widens to 2nd highest in 3 decades (Source: Reuters): US trade deficit widened to USD 98.4 bn in Dec'24, from USD 79 bn in Nov'24, its highest since Mar'22, with imports rising 3.4% m/m to record high USD 365 bn, while exports dropped 2.7% m/m to USD 266.5 bn driven by higher net imports of consumer goods

US Fed officials uncertain on tariff impacts (Source: ForexLive): Mr. Barkin favours more cuts in CY25, as economy isn't overheating, but expressed uncertainty over new policies and impact of tariffs. The latter was agreed to by Mr. Goolsbee. Mr. Jefferson exclaimed that current level of policy restrictiveness should be maintained until the total impact of new policies can be understood.

Global economic momentum slows down in Jan'25 (Source: S&P Global):

- Global services PMI fell to 52.2 in Jan'25, from 53.8 in Dec'24, driven by slower growth in new orders and higher input inflation. Global composite PMI remains expansionary at 51.8 in Jan'25 (Dec'24: 52.6)
- US services PMI expanded at a softer pace of 52.9 in Jan'25 (Dec'24: 56.8). US composite PMI fell to 52.7 in Jan'25, from 55.4 in Dec'24
- Eurozone services PMI remained expansionary at 51.4 in Jan'25 (Dec'24: 51.6). Composite PMI rose to 50.2 in Jan'25 (Dec'24: 49.6), with Germany turning expansionary after 7 months.

US labour market remains robust in Jan'25 (Source: Reuters): According to ADP report, private payrolls rose 183k in Jan'25, above market expectations of 150k and 176k additions in Dec'24, driven by services like trade and hospitality.

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