

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.25	11
US 2Y*	3.98	6
Germany 10Y	2.49	0
UK 10Y	4.54	-2
Japan 10Y	1.43	4

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
6.75% GS 2029*	6.65	0
6.79% GS 2034* (10Y)	6.74	1
6.92% GS 2039*	6.92	1
1-Month T-bill	6.36	8
3-Month T-bill	6.47	4
6-Month T-bill	6.57	0
12-Month T-bill	6.52	-2

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	105	86	66	78
AA	184	172	151	162
A	374	362	344	360

Source: FIMMDA, as on 3 Mar, 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	9.05
SOFR	4.33

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

Instrument	Volume (in Rs. Bn)	Weighted Avg Rate (%)
Call Money	136.1	6.27
Triparty Repo	3,821.9	5.93
Market Repo	1,688.6	6.05
Repo in corporate bond	16.5	6.29

Source: RBI, as of 04 Mar, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	72,990	-0.1
NIFTY	22,083	-0.2
NASDAQ	18,285	-0.4
S&P 500	5,778	-1.2
Nikkei 225	37,331	-1.2
Euro Stoxx 50	5,387	-2.8

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	70.8	-0.4
Natural gas Nymex (USD/MMBtu)	4.3	4.1
Gold Comex (USD/t oz.)	2,922.1	0.8
Copper Comex (USD/lb)	457.6	-0.2
Wheat cbot (USD/bu.)	539.8	-1.6

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	87.27	-0.1
GBP/ INR	111.47	0.6
EUR/ INR	92.48	1.1
EUR/USD	1.06	1.2
DXI Index	105.73	-0.8

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR, T-bill Auction; Services PMI Feb'25: India, US, China, Eurozone

News:

Domestic:

RBI directs large NBFCs to refrain from new lines of credit and renewals (Source: ET): The Central Bank has directed large finance companies to discontinue the practice of extending to companies a 'line of credit'. The facility allows borrowers to service part of the loan by drawing down from the same facility and there is lack of a fixed repayment schedule – both of which concern the RBI as they could hide the stress being undergone by the borrower. It is estimated that Rs. 500-600 bn could be extended/committed as such facilities.

Union committed to easing regulations: Finance Minister (Source: BS): Ms. Sitharaman said that remains steadfast in reducing regulatory burdens, enhancing governance and to make economy export friendly. She added it will further attract domestic and foreign investments.

Union likely to devise strategy for steel industry on more tariff clarity (Source: BS): Mr. Kumaraswamy, Union Minister said it will devise a strategy based on the tariffs levied on steel and its products by US to protect domestic steel producers. He added there is no clarity yet on quantum and extent of tariffs imposed by US.

MSMEs the backbone of growth: PM (Source: BS): Mr. Modi called MSMEs the backbone of growth for industrial expansion. He also announced two new missions focused on enhancing manufacturing and exports.

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

- SGS worth Rs. 505 bn were auctioned by 14 states with 10Y yields ranging between 7.21% - 7.34%
- 1-day VRR worth Rs. 58.5 bn were auctioned against the notified amount of Rs. 250 bn, at cut-off yield of 6.26%

International:

China sets target for CY25 growth, announces measures to achieve them (Source: Bloomberg):

- Real GDP growth target for CY25 was set at about 5%, with this growth leading to 12 mn additional urban jobs
- The Finance Ministry vowed to accelerate fiscal spending and make countercyclical adjustments. Defence spending is set to rise 7.2% y/y to CNY 1.78 trn, with a CY27 deadline to modernise the military
- CY25 Budget deficit is planned at around 4% of GDP. Some part of this would be financed by CNY 1.3 trn of ultra long special sovereign bonds, CNY 4.4 trn of new special local government bonds, and CNY 500 bn of new special sovereign bonds for big bank
- CPI target has been set at around 2%

China, Mexico and Canada respond with counter-tariffs (Source: BBC, Bloomberg):

- China decided to implement additional 15% tariffs on chicken, wheat, corn and cotton imports from US, with 10% additional tariffs on certain other food items. The tariffs will come into effect starting 10 Mar'25
- Canada has announced 25% tariffs worth of goods starting immediately on 20% of exports, with remaining products covered in three weeks. It also threatened to shut down energy and critical mineral exports
- Mexico announced that it will respond soon to 25% tariffs imposed by the US with its own retaliatory tariffs on US goods
- In response, US Commerce Secretary said that US may announce pathway for tariff relief on Mexican and Canadian goods covered by FTA

EU proposes borrowing to boost defence fund (Source: Reuters): EU proposed to borrow EUR 150 bn to lend under a rearmament plan. Ms. Leyen, European Commission President said the fund can mobilise EUR 800 bn for European defence.

Contd...

Germany gears up for an expansionary fiscal age (Source: Reuters): Germany's upcoming government agreed to create EUR 500 bn infrastructure fund and borrowing rules to revamp military. To finance this, the Bundesbank proposed raising govt borrowing limit to 1.4% of GDP from 0.35%, if debt is under 60% of GDP. The new limit could add up to EUR 220 bn in spending power by CY30.

Service sector activity jumps in Feb'25 (Source: S&P Global):

- China's service sector continued to expand as Caixin services PMI surprisingly jumps to 51.4 in Feb'25 from 51 in Jan'25. Meanwhile, the composite PMI came in at 51.5 in Feb'25, higher than 51.1 in Jan'25
- Japan's services activity marked fastest growth in 6 months as services PMI rose to 53.7 in Feb'25 from 53 in Jan'25. Consequently, composite PMI climbed by 0.9 to 52 in Feb'25

DISCLOSURES & DISCLAIMERS
Research Analyst(s) Certification

The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Research Analysts") employed by SBI Capital Markets Limited ("SBICAPS"), having SEBI Registration No. INH000007429 as Research Analyst, about any and all of the subject issuer(s) or company(ies) or securities. This Report has been prepared based upon information available to the public and sources, believed to be reliable. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Report.

The Research Analysts engaged in preparation of this Report or his/her relative:-

- do not have any financial interests in the subject company mentioned in this Report;
- do not own 1% or more of the equity securities of the subject company mentioned in the Report as of the last day of the month preceding the publication of the Report;
- do not have any material conflict of interest at the time of publication of the Report.

The Research Analysts engaged in preparation of this Report:-

- have not received any compensation from the subject company in the past twelve months;
- have not managed or co-managed public offering of securities for the subject company in the past twelve months;
- have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;
- have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;
- has not received any compensation or other benefits from the subject company or third party in connection with the Report;
- has not served as an officer, director or employee of the subject company;
- is not engaged in market making activity for the subject company

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

Registration granted by SEBI, membership of and certification from National Institute of Securities Markets in no way guarantee performance of SBICAPS or provide any assurance of returns to investors.

Other Disclosures:

SBI Capital Markets Limited ("SBICAPS") is registered with the Securities and Exchange Board of India ("SEBI") as a "Category I" Merchant Banker and has obtained the Certificate of Registration as Research Analyst from SEBI. SBICAPS is engaged into investment banking, corporate advisory and financial services activities. SBICAPS is a wholly owned subsidiary of State Bank of India (SBI), the largest commercial bank in India. Hence, State Bank of India and all its subsidiaries and all subsidiaries of SBICAPS are treated and referred to as Group Entities of SBICAPS.

We hereby declare that our activities were neither suspended nor we have materially defaulted with any regulatory authority with whom we are registered in last five years. However, SEBI has conducted the routine inspection and based on their observations has issued advice letters from time to time. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time

SBICAPS or its Group Entities, may: (a) from time to time, have long or short position in, and buy or sell the securities of the company mentioned in the Report or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company discussed herein or act as an advisor or lender/borrower to such company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

SBICAPS does not have actual / beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the Report. However, since Group Entities of SBICAPS are engaged in the financial services business, they might have in their normal course of business financial interests or actual / beneficial ownership of one per cent or more in various companies including the subject company mentioned herein this Report.

SBICAPS or its Group Entities might have managed or co-managed public offering of securities for the subject company in the past twelve months and might have received compensation from the companies mentioned in the Report during the period preceding twelve months from the date of this Report for services in respect of managing or co-managing public offerings/corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction.

Compensation paid to Research Analysts of SBICAPS is not based on any specific merchant banking, investment banking or brokerage service transaction.

SBICAPS or its Group Entities did not receive any compensation or any benefit from the subject company or third party in connection with preparation of this Report.

DISCLOSURES & DISCLAIMERS

This Report is for the personal information of the authorized recipient(s) and is not for public distribution and should not be reproduced, transmitted or redistributed to any other person or in any form without SBICAPS' prior permission. The information provided in the Report is from publicly available data, which we believe, are reliable. While reasonable endeavours have been made to present reliable data in the Report so far as it relates to current and historical information, but SBICAPS does not guarantee the accuracy or completeness of the data in the Report. Accordingly, SBICAPS or any of its Group Entities including directors and employees thereof shall not be in any way responsible or liable for any loss or damage that may arise to any person from any inadvertent error in the information contained, views and opinions expressed in this Report or in connection with the use of this Report.

Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian securities market.

The projections and forecasts described in this Report should be carefully evaluated as these:

1. Are based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies.
2. Can be expected that some of the estimates on which these were based, will not materialize or will vary significantly from actual results, and such variances may increase over time.
3. Are not prepared with a view towards compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these.
4. Should not be regarded, by mere inclusion in this Report, as a representation or warranty by or on behalf of SBICAPS the authors of this Report, or any other person, that these or their underlying assumptions will be achieved.

This Report is for information purposes only and SBICAPS or its Group Entities accept no liabilities for any loss or damage of any kind arising out of the use of this Report. Though disseminated to recipients simultaneously, not all recipients may receive this Report at the same time. SBICAPS will not treat recipients as clients by virtue of their receiving this Report. It should not be construed as an offer to sell or solicitation of an offer to buy, purchase or subscribe to any securities. This Report shall not form the basis of or be relied upon in connection with any contract or commitment, whatsoever. This Report does not solicit any action based on the material contained herein.

It does not constitute a personal recommendation and does not take into account the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this Report may not be suitable for all the investors. SBICAPS does not provide legal, accounting or tax advice to its clients and you should independently evaluate the suitability of this Report and all investors are strongly advised to seek professional consultation regarding any potential investment.

Certain transactions including those involving futures, options and other derivatives as well as non-investment grade securities give rise to substantial risk and are not suitable for all investors. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment.

The price, value and income of the investments referred to in this Report may fluctuate and investors may realize losses on any investments. Past performance is not a guide for future performance. Actual results may differ materially from those set forth in projections. SBICAPS has reviewed the Report and, the current or historical information included here is believed to be reliable, the accuracy and completeness of which is not guaranteed. SBICAPS does not have any obligation to update the information discussed in this Report.

The opinions expressed in this Report are subject to change without notice and SBICAPS or its Group Entities have no obligation to tell the clients when opinions or information in this Report change. This Report has not been approved and will not or may not be reviewed or approved by any statutory or regulatory authority in India, United Kingdom or Singapore or by any Stock Exchange in India, United Kingdom or Singapore. This Report may not be all inclusive and may not contain all the information that the recipient may consider material.

The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this Report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. Distributing/taking/sending/dispatching/transmitting this document in certain foreign jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with this restriction may constitute a violation of laws in that jurisdiction.

Legal Entity Disclosure Singapore:

The recommendation in this Report is intended for general circulation and the recommendation does not take into account the specific investment objectives, financial situation/circumstances and the particular needs of any particular person. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This Report is distributed in Singapore by State Bank of India, Singapore Branch (Singapore Registration No. S77FC2670D). State Bank of India, Singapore Branch is a bank, an Exempt Capital Markets Services Entity and Exempt Financial Adviser regulated by the Monetary Authority of Singapore. This Report is not intended to be distributed directly or indirectly to any other class of persons other than persons who qualify as Institutional Investors, Expert Investors or Accredited Investors (other than individuals) [collectively "Intended class of Persons"] as defined in section 4A(1) of the Securities and Futures Act 2001. Persons in Singapore should contact State Bank of India, Singapore Branch in respect of any matters arising from, or in connection with this Report via email at rmmb@sbising.com or by call at +65 6506 4246.

Section 45 of the Financial Advisers Act 2001 provides that when sending a circular or other written communication in which a recommendation is made in respect of securities, a financial adviser is required to include a concise statement, in equally legible type, of the nature of any interest in, or any interest in the acquisition or disposal of, those securities that it or an associated or connected person has at the date on which the circular or other communication is sent. Such circular or written communication must be retained by the financial adviser for five (5) years.

Under Regulation 35 of the Financial Advisers Regulations, State Bank of India, Singapore Branch is exempted from compliance with section 45 of the Financial Advisers Act 2001 and is not required to include such a statement of interest in securities in any written recommendation or document that State Bank of India, Singapore Branch may send to the Intended class of Persons. The Intended class of Persons are therefore not protected by the requirements of section 45 of the Financial Advisers Act 2001 if no disclosure is made of any interest that State Bank of India, Singapore Branch or any associated or connected person may have in the securities that State Bank of India, Singapore Branch may recommend in such document.

For the avoidance of doubt, State Bank of India, Singapore Branch emphasizes that this Report is for informational purposes only, and that neither State Bank of India, Singapore Branch, SBICAPS, SBICAPS' Associates nor the Analysts accept any liability for any loss or damage of any kind arising out of or caused by any use or reliance on this Report.

Legal Entity Disclosure Abu Dhabi:

SBI Capital Markets Limited, based in Abu Dhabi Global Market, is authorised and regulated by the Financial Services Regulatory Authority (FSRA). This document is directed at Professional Clients and not Retail Clients. Any other persons in receipt of this document must not rely upon or otherwise act upon it.

This document is provided for informational purposes only. Nothing in this document should be construed as a solicitation or offer, or recommendation, or to engage in any other transaction.