

Tables:

Foreign G-Sec Bond Yield:

G-sec	Yield (in %)	1-Day Change in Bps
US 10Y*	4.35	2
US 2Y*	4.00	-1
Germany 10Y	2.79	0
UK 10Y	4.73	-3
Japan 10Y	1.57	0

Source: Bloomberg, *semi-annual

G-sec yield:

G- Sec	Yield (in %)	1-Day Change in Bps
6.75% GS 2029*	6.51	0
6.79% GS 2034* (10Y)	6.63	-1
6.92% GS 2039*	6.72	-5
1-Month T-bill	6.55	-5
3-Month T-bill	6.48	3
6-Month T-bill	6.53	-2
12-Month T-bill	6.46	0

Source: CCL, Bloomberg, *semi-annual

Spreads in bps for Corporates

Annualized Spreads	3-year	5-year	7-year	10-year
AAA	106	102	130	42
AA	188	186	214	125
A	379	378	408	321

Source: FIMMDA, as on 25 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	132.1	6.20
Triparty Repo	4,141.1	6.10
Market Repo	1,582.3	6.23
Repo in corporate bond	15.7	6.45

Source: RBI, as of 26 Mar, 2025

Major Equity Indices:

Indices	Last	1-Day Change %
BSE SENSEX	77,289	-0.9
NIFTY	23,487	-0.8
NASDAQ	17,899	-2.0
S&P 500	5,712	-1.1
Nikkei 225	38,027	0.7
Euro Stoxx 50	5,412	-1.2

Source: Google Finance

Commodities futures:

Commodities	Last	1-Day Change %
Brent Crude (USD/bbl)	74.0	0.8
Natural gas Nymex (USD/MMBtu)	3.9	-0.8
Gold Comex (USD/t oz.)	3,065.7	0.3
Copper Comex (USD/lb)	526.4	-0.1
Wheat cbot (USD/bu.)	533.3	-1.8

Source: Bloomberg

Exchange Rates:

Currency pair	Rate	1-Day Change %
USD/ INR	85.72	-0.1
GBP/ INR	110.85	-0.1
EUR/ INR	92.44	0.0
EUR/USD	1.08	-0.2
DX Index	104.55	0.3

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR auction; **US:** GDP CY24, Goods Trade Balance Feb'25; **China:** Industrial Profit Feb'25

News:

Domestic:

RBI Governor emphasises need for balanced regulation (RBI, BS): Acknowledging significant progress made in financial inclusion, he cautioned against money laundering and terrorist financing. He caveated the same by saying that policymakers mustn't be overzealous and stifle investments. He added that an effective and cost-effective cross-border payments mechanism by CY27 is in order.

NITI Aayog CEO voices out for MSMEs (ET): Mr. Subrahmanyam said that MSMEs are impacted by regulations and unable to operate independently. He suggested a cluster-based approach, with emphasis on education, skills, and digitalisation.

Imported coal power plants could remain in operation for longer (ET): As per media sources the mandate for imported coal-based power plants under Section 11 could be extended beyond 30 Apr'25. A similar mandate could be extended to gas-based plants to deal with extreme peak demand scenarios.

Punjab State Budget presented for FY26 (Source: Govt. of Punjab): Highlights:

- Revenue receipts are expected to expand by 7.7% over FY25RE to Rs. 1.12 trn in FY26BE. No new taxes were imposed
- Total expenditure is posited to rise by a calmer 7.0% to Rs. 1.64 trn in FY26BE. Much of the increase comes from a 23% spike in capex, though quality of expenditure remains poor with revex comprising 82% of total.
- A fiscal deficit of Rs. 342 bn in FY26BE is expected to close at 3.84% of nominal GSDP, well below FY25RE level of 4.54%
- Nominal GSDP is expected to grow 10.1% y/y in FY26

T-bill and VRR auctions conclude successfully (Source: RBI):

- Rs. 146.9 bn 91-day T-bills were auctioned at a cut-off yield of 6.5199%, with Rs. 121.5 bn of 182-day at 6.5179% and Rs. 72.6 bn of 364-day at 6.4698%. The 91-day – 364-day T-bill curve is now inverted
- A Rs. 750 bn 1-day VRR auction saw allotments worth Rs. 354.9 bn at a cut-off rate 6.26%. Further, going forward, standalone primary dealers shall be allowed to participate in all Repo operations across tenors

International:

Tariff war continues with fresh announcements (Source: CNBC, Reuters, FT):

- The POTUS said a 25% tariff would be imposed on all foreign made cars and light trucks from 2 Apr'25, with no reprieve, raising USD 100 bn. He also reaffirmed his intent to levy tariffs on lumber and pharma
- Mr. Trump said that the tariffs starting on 2 Apr'25 would be more "lenient than reciprocal". He also said he would make some exceptions. Media reports citing a White House official said that the POTUS may not take all non-tariff barriers into account when setting tariff rates
- The President also clarified that he would go lighter on tariffs on China subject to the latter easing approvals for the sale of TikTok
- World leaders reacted gravely to the developments, with Canadian PM promising an attack soon, while the Chinese Vice-Premier raised solemn concerns. EU's Mr. Sefcovic expects a 20% tariff from next week

US Fed speakers set the birds aflutter with their remarks (Source: Reuters): Mr. Goolsbee said that he sees lower rates in 12-18 months, but that the next rate cut could longer than anticipated due to tariff induced inflation. The layer concern was concurred to by Mr. Musalem. Mr. Kashkari exclaimed that the times represent the most dramatic shift in sentiment outside the COVID-19 era.

Chinese industrial profits remain in decline (Source: Xinhua): Industrial profits shrunk 0.3% y/y in 2MCY25. Businesses struggled with deflation and the ogre of a trade war.

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Mar 27, 2025

SBICAPS Daily Digest

UK pulls the plug on welfare despite sullen growth (Source: CNBC): British Finance Minister announced billions of GBP of spending cuts owing to a Budget shortfall and higher borrowing cost. Resources will now be diverted to defence, where spending will reach 2.5% of GDP. She vowed to remain a stickler to ensure day-to-day spending is met by tax revenues despite the UK's growth forecast for CY25 being halved to 2% y/y in real terms.

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