

Tables:

Foreign G-Sec Bond Yield:

| G-sec | Yield (in %) | 1-Day Change in Bps |
|-------------|--------------|---------------------|
| US 10Y* | 4.21 | -2 |
| US 2Y* | 3.99 | -3 |
| Germany 10Y | 2.40 | -1 |
| UK 10Y | 4.48 | -3 |
| Japan 10Y | 1.36 | 0 |

Source: Bloomberg, *semi-annual

G-sec yield:

| G- Sec | Yield (in %) | 1-Day Change in Bps |
|----------------------|--------------|---------------------|
| 6.75% GS 2029* | 6.64 | 1 |
| 6.79% GS 2034* (10Y) | 6.73 | 2 |
| 6.92% GS 2039* | 6.91 | 3 |
| 1-Month T-bill | 6.28 | -4 |
| 3-Month T-bill | 6.47 | 4 |
| 6-Month T-bill | 6.55 | -3 |
| 12-Month T-bill | 6.53 | -1 |

Source: CCIL, Bloomberg, *semi-annual

Spreads in bps for Corporates

| Annualized Spreads | 3-year | 5-year | 7-year | 10-year |
|--------------------|--------|--------|--------|---------|
| AAA | 115 | 54 | 71 | 65 |
| AA | 190 | 139 | 155 | 147 |
| A | 380 | 332 | 349 | 342 |

Source: FIMMDA, as on 27 Feb, 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 | 4.36 |

Source: RBI, Federal Reserve Bank of New York

Money Market instruments:

| Instrument | Volume (in Rs. Bn) | Weighted Avg Rate (%) |
|------------------------|--------------------|-----------------------|
| Notice Money | 172.4 | 6.38 |
| Term Money | 6.5 | - |
| Triparty Repo | 3,641.1 | 6.28 |
| Market Repo | 1,502.4 | 6.30 |
| Repo in corporate bond | 0.0 | NA |

Source: RBI, as of 28 Feb, 2025

Major Equity Indices:

| Indices | Last | 1-Day Change % |
|---------------|--------|----------------|
| BSE SENSEX | 73,198 | -1.9 |
| NIFTY | 22,125 | -1.9 |
| NASDAQ | 18,847 | 1.6 |
| S&P 500 | 5,954 | 1.6 |
| Nikkei 225 | 37,156 | -2.9 |
| Euro Stoxx 50 | 5,464 | -0.2 |

Source: Google Finance

Commodities futures:

| Commodities | Last | 1-Day Change % |
|-------------------------------|---------|----------------|
| Brent Crude (USD/bbl) | 72.8 | -1.3 |
| Natural gas Nymex (USD/MMBtu) | 3.8 | -2.3 |
| Gold Comex (USD/t oz.) | 2,848.5 | -1.3 |
| Copper Comex (USD/lb) | 454.8 | -0.5 |
| Wheat cbot (USD/bu.) | 555.8 | -1.5 |

Source: Bloomberg

Exchange Rates:

| Currency pair | Rate | 1-Day Change % |
|---------------|--------|----------------|
| USD/ INR | 87.51 | 0.4 |
| GBP/ INR | 110.02 | 0.1 |
| EUR/ INR | 90.66 | 0.0 |
| EUR/USD | 1.04 | -0.1 |
| DXI Index | 107.56 | 0.3 |

Source: Morningstar, Bloomberg, Marketwatch

Today's Key Macro Events:

India: VRR Auction; Mfg. PMI Feb'25: India, China, US; Eurozone: CPI Feb'25

News:

Domestic:

Real GDP records fair growth in Q3FY25, FY25 estimate upped (Source: MoSPI):

- Real GDP grew 6.2% y/y in Q3FY25, while nominal GDP rose 9.9% with increase in deflator
- Real GVA growth increased to 6.2% from 5.6% y/y in Q2FY25, with industry GVA slumping on tepid manufacturing growth. Services GVA rose at a robust pace of 7.4%
- From expenditure side, real PFCE grew 6.9%, sustaining momentum of Q2. GFCF was at 5.7% and GFCE at 8.3%
- Real GDP as per Second Advance Estimate was projected at 6.5% y/y in FY25 (First Advance Estimate: 6.4%). Significant upward revisions were also seen in FY24 and FY23

For more details, please refer to our release titled: RURAL INDIA BREAKS THE SHACKLES; WILL THE CITIES FOLLOW SUIT?

Fiscal deficit widens in 10MFY25 to hit 74.5% of FY25RE (Source: CGA):

- Total receipts rose to Rs. 24.0 trn in 10MFY25 (76.3% of FY25RE). Net tax revenues stood at Rs. 19.0 trn, while non-tax revenue grew 38% y/y to Rs. 4.7 trn
- Total expenditure grew 6.4% to Rs. 35.7 trn in 10MFY25. Revex grew 6.8%, while capex grew by 5.0% to Rs. 7.6 trn
- Fiscal deficit reached Rs. 11.7 trn in 10MFY25, which is 74.5% of FY25RE

GST collections show robust growth in Feb'25 (Source: PIB, ET): Gross GST revenues grew 9.1% y/y to Rs. 1.84 trn. CGST clocked Rs. 352 bn, with SGST at Rs. 437 bn, IGST at Rs. 909 bn, and cess at Rs. 139 bn. Net GST collections grew 8.1% y/y to Rs. 1.63 trn.

Core sectors growth remains middling Jan'25 (Source: PIB): Growth in eight core index clocked 4.6% y/y in Jan'25, compared with 4.8% in Dec'24. Growth was in sub-indices was as follows: cement (14.5%), refinery products (8.3%), coal (4.6%), and steel (3.7%). Natural gas and crude oil production declined.

High frequency indicators mixed in Feb'25 (Source: RBI, IEX, ET, PPAC):

- Power consumption rose by 2.8% y/y. Peak demand reached 238 GW
- Clearing price at IEX dropped by 11% y/y. Traded amount rose by 14.1%
- Coal production from CIL saw a drop of 0.9% y/y to 74.1 mn tonnes
- UPI transaction value declined by 6.5% y/y to Rs. 21.5 trn
- FASTag collection rose by 18.3% y/y to Rs. 66 bn
- Petrol consumption rose 4.6% y/y, while diesel usage declined by 1.5%, as per provisional figures

Bank credit growth increases in Jan'25 (Source: RBI):

- Non-food bank credit grew 12.5% y/y in Jan'25, against 12.4% in Dec'24, with credit to industry expanding by 8.2% and services by 13.8%
- Personal loans registered 14.2% growth and credit to agriculture and allied sectors grew 12.2% y/y
- WALR on fresh loans rose by 7 bps m/m to 9.32% in Jan'25, while it fell by 1 bps at 9.87% on outstanding loans. 1-year MCLR increased to 9.05%
- WADTDR on fresh rupee term deposits fell by 1 bps m/m to 6.56%, while it rose by 2 bps at 7.02 % on outstanding loans

G-Sec and VRR auctions conducted successfully (Source: RBI):

- 6.79% GS 2031 worth Rs. 100 bn were auctioned at a cut-off yield of 6.7376%. 6.92% GS 2039 worth Rs. 120 bn were auctioned at a cut-off yield of 6.9053%. 7.09% GS 2054 worth Rs. 100 bn were auctioned at a cut-off yield of 7.1425%
- 3-day VRR worth Rs. 163 bn was auctioned against notified amount of Rs. 250 bn at cut-off yield of 6.26%

Contd...

EU looks to strike security, defence deal (Source: ET): India and the EU have committed to finalizing FTA by end of CY25, aiming to mitigate impacts of US tariff hikes. The deal covers sectors like technology and green growth. It also demands significant concessions from both sides.

Andhra Pradesh presents State Budget for FY26 (Source: Government of Andhra Pradesh): Highlights:

- Revenue receipts are expected to touch Rs. 2.18 trn in FY26BE, up 23.8% over FY25RE
- Expenditure is expected to go up to Rs. 3.22 trn boosted by a wholesome 69% rise in capex to Rs. 406 bn, while revex is set to rise by a softer 12% to Rs. 2.51 trn
- Fiscal deficit target for FY26S has been set at Rs. 799 bn, which is 4.4% of GSDP. This will be assuaged by an internal debt of Rs. 820 bn and Union advances of Rs. 217 bn

International:

US inflation surges in line with market expectations (Source: US BEA): US PCE rose by 2.5% y/y in Jan'25, inching below 2.6% y/y in Dec'24, in line with expectations. The rise in Jan'25 was driven by a 3.4% y/y surge in services inflation offset by a mild fall in durable goods prices. Notably, core PCE fell to 2.6% y/y in Jan'25 from 2.9% in Dec'24.

US goods trade deficit widens due to rise in imports (Source: US BEA): US goods trade deficit widened to USD 153.3 bn in Jan'25, from USD 122 bn in Dec'24, as imports grew nearly 11.9% m/m to USD 325.4 bn, fuelled by highest increase in inbound shipments of industrial supplies since CY93. Exports increased at modest 2% m/m to USD 172.2 bn.

China admits its economy is facing numerous difficulties (Source: ET): Mr. Xi has admitted that the country's economy still faces numerous difficulties and the unfavorable impact of changes in the external environment has deepened. Yet he added that conditions supporting long-term growth, and the overall positive trajectory have not changed.

Manufacturing activity in East Asia is improving (Source: CNBC, Reuters):

- China's Caixin PMI rose to 50.8 in Feb'25 from 50.1 in Jan'25, Improving domestic and overseas demand contributed to an upswing in new orders but looming US tariffs could disrupt the recovery
- Japan's manufacturing sector remained in contraction as PMI rose slightly to 49 in Feb'25 from 48.7 in Jan'25 due to Improving domestic and overseas demand contributed to an upswing in new orders.

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