

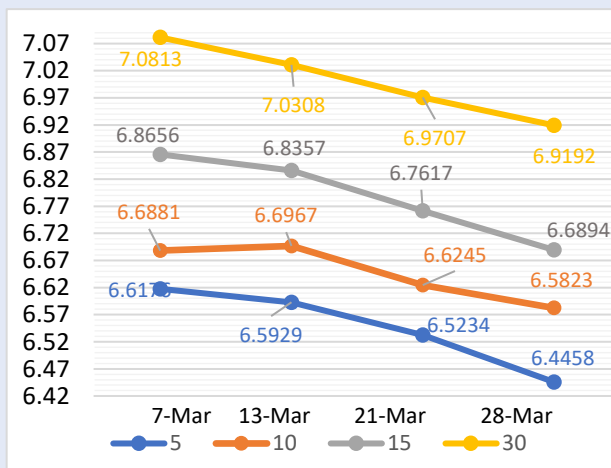


29TH MARCH 2025

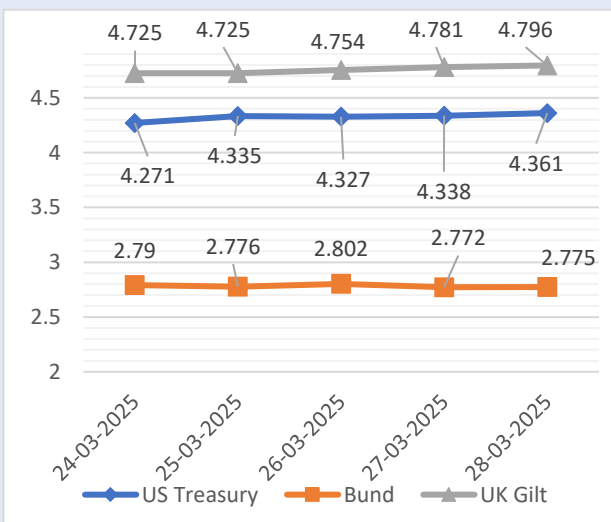
MARKET OVERVIEW

	24 MAR	25 MAR	26 MAR	27 MAR	28 MAR
USD/INR	85.990	85.532	85.616	85.795	85.680
OIL	71.70	72.45	72.64	73.19	73.33
GOLD	3054.70	3046.00	3054.10	3055.10	3110.10
India 10 Y	6.6291	6.6370	6.6022	6.6022	6.5823
US 10 Y	4.271	4.335	4.327	4.338	4.361
NIFTY 50	23673	23606	23464	23601	23494
SENSEX	78030	77776	77414	77604	77348

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark yield concluded the week at 6.5823 at 4.22 bps lower the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (4.22 bps below), 10Y UST (11.1 bps below), 10Y Bund (1 bps below), and 10Y UKT (8.6 bps below).

The euro fell as lower-than-expected European inflation data increased bets on ECB rate cuts, while the dollar edged higher ahead of key U.S. inflation data and amid uncertainty over Trump's upcoming tariff announcements on April 2. Markets remain cautious, with investors watching for potential economic impacts of U.S. trade policies.

The Bank of Japan (BOJ) may reduce purchases of super-long government bonds in its April-June bond-buying plan, marking a further step in policy normalization. Under its quantitative tightening (QT) program, the BOJ aims to halve monthly bond purchases to 3 trillion yen by March 2026. Having already tapered shorter-term bonds, analysts expect reductions in 10-25-year bonds starting in April.

China's debt has surpassed 300% of GDP and continues to rise, but the central bank remains committed to easing monetary policy when needed, with potential rate cuts and reserve requirement reductions amid global uncertainties and rising U.S. tariffs.

British inflation slowed to 2.8% in February, slightly below expectations, providing temporary relief but with a likely rebound due to rising energy costs. The Bank of England remains cautious on rate cuts, despite some economists expecting a potential reduction in May. Markets reacted with a dip in sterling and bond yields, while the BoE warns against assuming rapid borrowing cost reductions.

Liquidity Operation

Date	VRR	MSF	SDF
Mar 17	123778	490	91999
Mar 18	52693	6187	67244
Mar 19	139162	50	144937
Mar 20	124009	514	126407
Mar 21	142785	9961	138956
Mar 22	-	10754	77952

MONEY MARKET SNAPSHOT

Item	Week Ended		
	MAR 22. 2024	MAR 14. 2025	MAR 21. 2025
	1	2	3
Call Money	19460	23931	30499
Notice Money	2803	8289	1713
Triparty Repo	556798	791467	644998
Market Repo	579484	706212	579795
Repo in Corporate Bond	3460	8987	8851

Most Actively Traded Debt.

Paper	Yield (%)	LTP
REC LIMITED SR 239 BD 03NV34 FVRS1LAC	6.5302	53.9900
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25E 7.53 BD 24MR28 FVRS1LAC	100.5525	7.3047
LIC HOUSING FINANCE LTD TR 441 7.68 NCD 29MY34 FVRS1LAC	101.2771	7.4787
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25D 7.40 BD 29AP30 FVRS1LAC	100.6106	7.2481

Indian Market update:

The RBI is expected to cut the repo rate by 25 bps to 6.00% on April 9, with one more cut likely in August, marking the shortest easing cycle on record. Economists cite easing inflation (3.61% in February), slowing growth (6.4% forecast for FY25), and liquidity injections as key factors. However, further cuts depend on global conditions, capital flows, and U.S. Fed actions.

The RBI's revised Priority Sector Lending (PSL) guidelines, effective April 1, aim to enhance credit flow to MSMEs, agriculture, housing, and renewable energy. Key changes include higher loan limits for housing and renewable energy, an increased PSL target for urban cooperative banks, and expanded eligibility for infrastructure lending. These revisions are expected to boost affordable housing, renewable energy financing, and overall economic growth while easing credit constraints in priority sectors.

Global Capability Centres (GCCs) could contribute up to 5% of India's GDP by 2030, driven by rapid expansion and the adoption of the 'Digital Twin' strategy. This approach enhances efficiency, reduces costs, and enables real-time collaboration by creating virtual replicas of GCC operations. Key industries benefiting include IT, BFSI, pharma, manufacturing, and retail. Future trends in GCCs include AI-driven decision-making, cloud and IoT integration, and sustainability initiatives, positioning India as a global hub for efficient and innovative operations.

India's inflation rate dropped to 3.61% in February, below the expected 3.98%, marking the first time since last summer that it fell below the RBI's 4% target.

In the SDL auction conducted on 26th March, 18 states raised an aggregate amount of ₹ 74,655 Cr.

Upcoming auction schedule:

- **4th April** – RBI announced the G-Sec auction, in which two securities will be raising aggregating to 36,000crores.
- **2nd April** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 9000, 5000, & 5000 crores respectively.

INR – DOLLAR EXCHANGE

	24 MAR	25 MAR	26 MAR	27 MAR	28 MAR
OPEN	85.9	85.5	85.6	85.7	85.6
HIGH	86.0	85.8	85.8	85.9	85.7
LOW	86.4	86.5	85.6	85.6	85.4
CLOSE	85.5	85.5	85.6	85.6	85.5

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	6.25	6.5
USA	4.50	4.75
UK	4.5	4.75
CHINA	3.35	3.35
EURO AREA	2.65	2.9
JAPAN	0.50	0.25

WEEK AHEAD KEY EVENTS

DATE	EVENTS
31-Mar	Japan Industrial Production and Retail Sales, India Current Account, United States Dallas Fed Manufacturing Index
1-Apr	Japan Unemployment Rate, United States ISM Manufacturing PMI, Australia RBA Interest Rate Decision, Eurozone Inflation
2-Apr	India HSBC Manufacturing PMI, Brazil Industrial Production, United States Factory Orders, United States ADP Employment Change
3-Apr	United States ISM Services PMI, Worldwide Services, Composite PMIs, inc. global PMI, United States Trade
4-Apr	United States Non-Farm Payrolls, Unemployment Rate, Average Hourly Earnings, India HSBC Services PMI

Currency Movement:

The Indian Rupee (INR) edged higher on Friday, supported by likely foreign institutional investor (FII) inflows into local equities, as per news reports. The USD/INR pair is trading lower at 85.43, marking a 0.26% decline as of March 28, 2025.

The Indian rupee recorded its strongest monthly appreciation in over six years, rising 2.36% in March due to sustained foreign inflows into equities and debt. Trading at a three-month high of 85.4512 per US dollar, its highest since December 26, 2024, the rupee rebounded after months of pressure and RBI intervention. Analysts credit robust equity performance and continue foreign investment for the currency's stability.

The RBI's Monetary Policy Committee (MPC) is expected to cut the repo rate by 25 bps on April 9, following February's rate cut, as lower CPI inflation allows a shift toward supporting growth amid global uncertainties. Experts also highlight liquidity management as a key focus, with recent easing in the deficit helping money market rates.

Key updates and week ahead:

Key US labour market data, including non-farm payrolls, wages, and unemployment, will be released Friday, alongside final PMI and ISM figures to assess growth and inflation trends. Canada will also publish trade and employment data, with trade uncertainty impacting production.

Key European data to watch include final PMI readings, eurozone inflation, Germany's factory orders, and retail sales. Flash PMI data suggests inflation is nearing the ECB's target, potentially allowing for further rate cuts amid tariff concerns. Germany's manufacturing growth has been supported by rising production.

The RBA's April policy meeting is in focus, with a rate cut still a possibility despite strong business activity and easing inflation. Key data releases include March APAC PMIs, China's official PMI figures, and Japan's Tankan survey.