

WEEKLY REPORT

INDIAN DEBT MARKET

9TH March 2025

Key Headlines from the week:

- ▶ The 10-year benchmark yield concluded the week at 6.6881 at 4.05 bps lower the previous week's closing figure.
- ▶ The weekly movement in spreads include 10Y Indian Treasuries (4.05 bps below), 10Y UST (4 bps below), 10Y Bund (42 bps above), and 10Y UKT (15.15 bps above)
- ▶ The ECB cut interest rates by 25 basis points to 2.50%, citing slowing growth and trade policy uncertainty, while raising inflation forecasts slightly; meanwhile, concerns over potential U.S. tariffs, rising defense spending in Europe, and Germany's fiscal policy shift are adding complexity to the economic outlook.

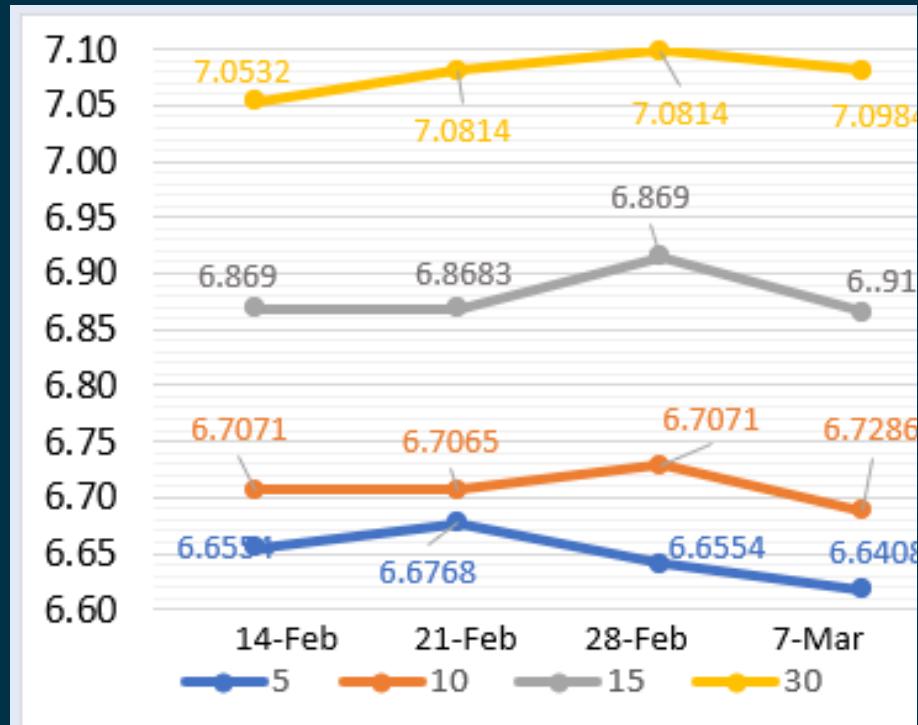
Key Headlines from the week:

- Japan's industrial production fell 1.1% in January, while retail sales surged 3.9% YoY, reflecting strong consumer spending. The BOJ raised rates to 0.5%, its highest in 17 years, with potential further hikes as inflation stays above target.
- The Bank of Japan may consider raising interest rates as early as May due to rising wages and food costs driving inflation, though the timing will depend on price outlooks and U.S. policy impacts, with markets expecting a hike in the third quarter.
- The Consumer Price Index in the Euro Area increased 0.5% month-over-month in February 2025, the biggest rise in ten months, following a 0.3% fall in January, preliminary estimates showed. Inflation Rate MoM in the Euro Area averaged 0.18 percent from 1990 until 2025, reaching an all-time high of 2.40 percent in March of 2022 and a record low of -1.50 percent in January of 2015.

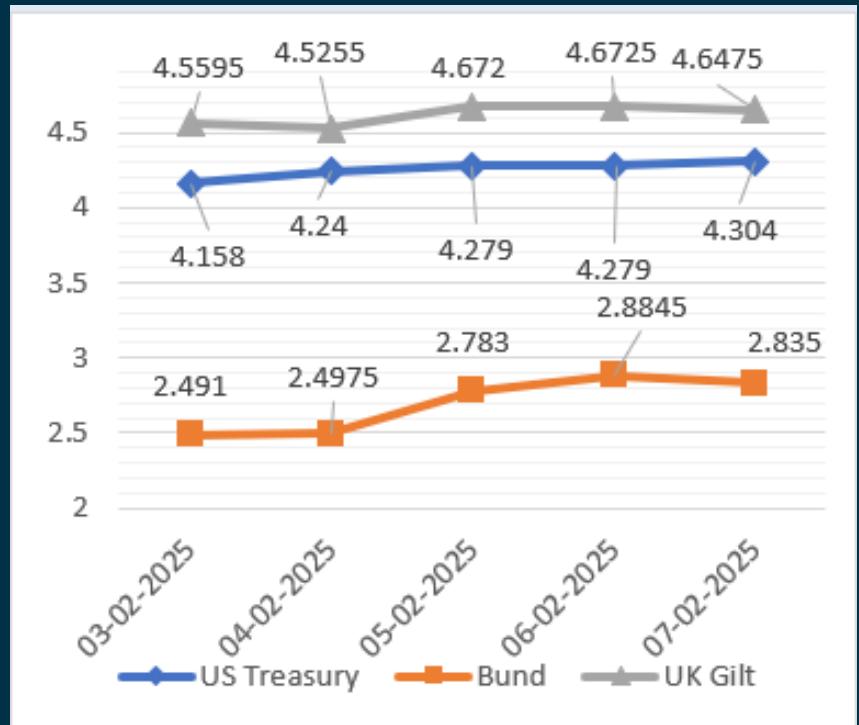
MARKET OVERVIEW

	03 MAR	04 MAR	05 MAR	06 MAR	07 MAR
USD/INR	87.4	87.32	87.26	86.86	87.16
OIL	72.78	71.32	70.99	69.47	69.39
GOLD	2882.06	2901	2925	2927	2916
India 10Y	6.7383	6.7447	6.7087	6.6806	6.6881
US 10 YR	4.229	4.1530	4.240	4.240	4.2530
NIFTY 50	22119	22082	22337	22544	22552
SENSEX	73085	72989	73730	74340	74332

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Indian Debt Market update:

- Indian government bond yields remained steady, with the 10-year yield edging up to 6.6902% from 6.6806% after the RBI excluded it from next week's bond purchase. Market participants awaited U.S. nonfarm payroll data (expected at 160,000 vs. 143,000 prior) to assess the Fed's rate trajectory. The RBI plans to buy ₹500 billion (\$5.74 billion) in bonds on March 12 and 18, followed by a \$10 billion dollar/rupee swap on March 24, maintaining surplus liquidity after injecting over ₹4.5 trillion since mid-January

- In February 2025, India's bond market remained stable despite global uncertainties, with the 10-year yield ranging between 6.47-7.13%, supported by RBI's liquidity management and easing inflation. Bank of Baroda projects a 6.65-6.75% range in March, though liquidity tightening from tax outflows poses upside risks.

- India's engineering goods exports grew 7.44% YoY in January 2025 to \$9.42 billion, with the U.S. leading at \$1.62 billion (18% growth), marking the ninth consecutive month of positive growth despite global trade uncertainties.

- India's Services PMI rose to 59 in February 2025 from 56.5 in January, surpassing its long-term average of 52.43, though still below its peak of 62.3 in July 2023. Similarly, the HSBC India Composite PMI reached 58.8 in February, improving from 57.7 in January but falling short of the flash estimate of 60.6.

- In the SDL auction conducted on 4th March, 14 states raised an aggregate amount of ₹ 50,500 Cr.

Upcoming auction schedule:

11th March

RBI announced the state auction, in which 20 states will be raising aggregating to 49,522 crores.

12th March

RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 14000, 12000, & 7000 crores respectively.

LQUIDITY OPERATION

Date	VRR	MSF	SDF
Feb 24	36775	2400	78791
Feb 25	75012	895	112841
Feb 26	-	443	101569
Feb 27	49955	1334	103098
Feb 28	16258	8943	97238
Mar 1	-	5791	118757

MONEY MARKET SNAPSHOT

Item	Week Ended		
	MAR 1. 2024	FEB 21. 2025	FEB. 28, 2025
	1	2	3
Call Money	18315	23232	25329
Notice Money	5672	1004	10311
Triparty Repo	712802	648196	802167
Market Repo	652752	521248	627685
Repo in Corporate Bond	2620	7841	7237

MOST ACTIVELY TRADED DEBT

Paper	Yield (%)	LTP
LIC HOUSING FINANCE LTD TR 448 7.74 NCD 22OT27 FVRS1LAC	7.7428	99.9800
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED	9.0459	101.5818
POWER FINANCE CORPORATION LIMITED SR 247A 7.44 BD 15JN30 FVRS1LAC	7.4347	100.000
SAMMAAN CAPITAL LIMITED 9.75 NCD 12AP28 FVRS1LAC	9.9578	99.3400

Currency Movement:

- ▶ The rupee weakened by 6 paise to 87.18 against the US dollar in early Friday trade, influenced by global trade uncertainties and continued foreign capital outflows from domestic equities. However, a weaker dollar index and lower crude oil prices limited the currency's decline. After opening at 87.13 at the interbank forex market, the rupee depreciated further to 87.18. This follows a 6-paise drop on Thursday, snapping a three-day rally during which it had gained 31 paise.

- ▶ Indian government bond yields fell on Thursday as the Reserve Bank of India's latest liquidity measures improved market sentiment, though uncertainty over the inclusion of the benchmark 10-year bond in the RBI's debt purchase plan limited the decline. The 10-year bond yield closed at 6.6806%, its lowest since February 6, down from 6.7087% previously. Radhika Rao, executive director and senior economist at DBS Bank, noted that the RBI's liquidity-boosting measures indicate an accommodative policy stance aimed at facilitating policy transmission. On Wednesday, the RBI announced plans to inject over \$21 billion in rupee liquidity to ease lending conditions and support economic growth, including bond purchases worth 500 billion rupees (\$5.74 billion) on March 12 and March 18, followed by a \$10 billion three-year dollar/rupee swap on March 24.



	03 MAR	04 MAR	05 MAR	06 MAR	07 MAR
OPEN	87.4	87.3	87.2	86.8	87.1
HIGH	87.4	87.4	87.3	87.1	87.2
LOW	87.2	87.1	86.8	86.8	86.8
CLOSE	87.2	87.2	86.8	87.0	87.1

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

Key updates and week ahead:

- ▶ Markets will focus on U.S. CPI, PPI, JOLTs job openings, and consumer sentiment, with inflation concerns rising due to higher goods prices. The Bank of Canada meets amid expectations of rate cuts following weaker PMI data and tariff impacts.
- ▶ The UK will release January GDP data, while Germany and France report final inflation figures. Eurozone and German industrial production data will also be closely watched for economic trends.
- ▶ Japan's Q4 GDP, along with India's inflation and industrial production, are key APAC releases. The S&P Global Investment Manager Index and Global Supply Chain Volatility Index will provide insights into market sentiment and supply conditions post-tariff changes.

WEEK AHEAD KEY EVENTS

DATE	EVENTS
10-Mar	United States Consumer Inflation Expectations, Germany Trade and Industrial Production
11-Mar	Japan GDP, S&P Global Investment Manager Index
12-Mar	India Industrial Production, India Inflation, United States CPI, OPEC Monthly Report, Canada BoC Interest Rate Decision, S&P Global Business Outlook Surveys, Global GEP Supply Chain Volatility Index
13-Mar	United States PPI, Eurozone Industrial Production
14-Mar	United Kingdom monthly GDP, incl. Manufacturing, Services and Construction Output, United States UoM Sentiment, United Kingdom Trade, Germany Inflation