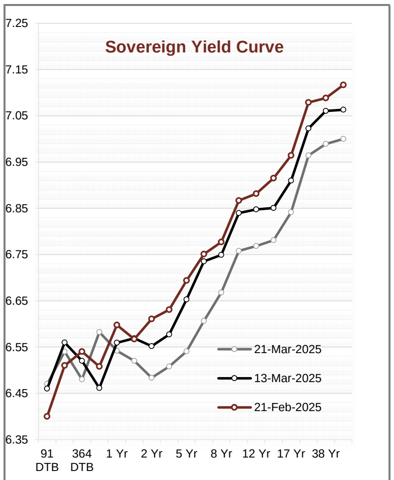
Debt Markets – The 10-year benchmark fell by 2 bps



The 10-year benchmark recorded a close at 6.58%, falling by 2 bps from the close of the previous trading session.

Yields opened higher from the close of the previous trading session at 6.61% and traded upwards to make a high of 6.62%. Thereafter, the yields traded downwards to make a low of 6.57% before closing the session at 6.58%.

The yields opened higher from the close of the previous trading session and traded marginally upwards tracking losses from its US counterparts, as the US GDP fell to 2.4% in Q4 CY24 from 3.1% in Q3 CY24, primarily due to a sharper decline in imports, which boosted the contribution from net trade.

Thereafter, yields reversed their trajectory and traded downwards after India Ratings highlighted that, RBI's MPC is expected to cut the policy rate by 25 bps in Apr'25, following its first reduction in five years in Feb'25, signalling a shift toward a more accommodative stance to support economic growth amid global trade uncertainties.

During the fag end of the session, the downward movement in yields was limited, as India's infrastructure output fell to 2.9% YoY in Feb'25 from 5.1% in Jan'25, marking its slowest pace since Sept'24.

FIIs were net sellers in the debt segment with outflows amounting to INR 865.62 Cr as of March 28th, 2025.

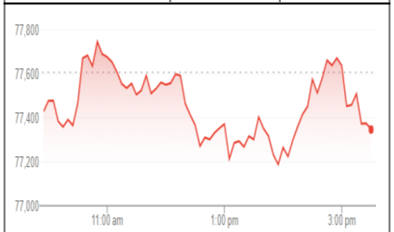
The 1-year and 5-year OIS stood at 6.09% and 5.87% respectively, as of March 21st, 2025.

G-Sec / Bond Yields

Security	Tenure	Yield (SA)
91 DTB	91 Days	6.52%
364 DTB	364 Days	6.47%
GOI 2034	10 Yr	6.58%
GOI 2039	15 Yr	6.69%
SDL	10 Yr	7.02% - 7.05% (Annualized)
AAA PSU	10 Yr	7.21% - 7.25% (Annualized)
AAA Pvt.	10 Yr	7.62% - 7.65% (Annualized)

Equity Markets – Indices ended the session lower amid mixed domestic cues

Index	Sensex	Nifty
Close	77,414.92	23,519.35
1 day change	-0.25%	-0.31%
	-191.51	-72.60
1 month change	5.76%	6.30%
	4216.82	1394.65



BSE Sensex - 28 March, 2025

Domestic benchmark indices ended the session lower amid mixed domestic cues.

Indices opened the session higher and traded downwards after India's current account deficit widened to 1.1% of GDP in Q3FY25, driven by a higher merchandise trade deficit. Additionally, the Centre's capex spending dropped 35% in Feb'25, with the overall spend for Apr'24-Feb'25 standing at 79.7% of the revised estimate, compared to 85% in FY24. With just one month left until the close of FY25, the government is falling short of meeting its revised capex target by over INR 2 trillion Thereafter, the down move in the indices was limited after as EY projects India's GDP growth at 6.4% for FY25 and 6.5% for FY26, emphasizing that a well-calibrated fiscal strategy—one that supports human capital development while maintaining fiscal prudence—could significantly enhance long-term growth prospects. However, towards the fag end of the session, the downward movement in the indices continued, after India's Infrastructure output fell to 2.9% YoY in Feb'25 from 5.1% in Jan'25, marking its slowest pace since Sept'24.

Among individual stocks, Bharat Heavy Electronics Ltd rose 0.55% after the company received a INR 11,800 crore order from Chhattisgarh State Power Generation Company to develop 2x660 MW thermal plant in Chhattisgarh. Shares of BSE Ltd. rose 16.98% after NSE deferred its plan to shift the weekly F&O expiry day to Monday.

Out of the twenty-one sectoral indices compiled by the BSE, eighteen sectors ended the day in red led by Focused IT as it fell by 1.87%. FMCG rose by 0.67%.

Global Markets

Markets	Price	Change
Dow Jones	42,001.76	1.00%
S&P 500	5,611.85	0.55%
FTSE 100	8,582.81	-0.88%
Shanghai	3,335.75	-0.46%
USD / INR	85.55	-0.29%
Brent Oil	72.76	-0.79%
Gold	88,850	0.46%
Silver	1,00,480	-0.91%

Spread Analysis

The spread of AAA PSU bonds over the 10-year benchmark security was around 50 bps and the spread of AAA Private bonds over the 10-year benchmark security was around 90 bps. The spreads between benchmark security and AAA PSU and AAA Private Bonds largely remained unchanged. Special SDLs are trading at a spread of 1-3 bps above the regular SDLs.

Auction / System Liquidity

The RBI conducted an auction of SDL for a notified amount of INR 74,655 Cr and accepted an amount of INR 72,255.11 Cr on Tuesday.

The RBI will conduct an auction of T-Bills for a notified amount of INR 19,000 Cr tomorrow.

The RBI will conduct an auction of G-sec for a notified amount of INR 36,000 Cr on Friday.

The Net Liquidity including today's operations was at INR -1.83 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 6.03%.

Previous Auctions

Security	Amount (In Crs)	Yield Range
T-Bill (26 March)	33,000.00	6.47% - 6.52%
SDL (25 March)	72,255.11	6.78% - 7.10%
G-Sec (28 February)	32,000.00	6.74% - 7.14%

News Update

According to India Ratings and Research, RBI's MPC is expected to cut the policy rate by 25 bps in Apr'25, following its first reduction in five years in Feb'25, signaling a shift toward a more accommodative stance to support economic growth amid global trade uncertainties. Additionally, Ind-Ra projects up to three rate cuts in FY26, totaling 75 bps, with monetary policy decisions dependent on inflation dynamics, liquidity conditions, and global commodity price trends. Moreover, with the U.S. imposing reciprocal tariffs, including a 25% duty on auto imports, rising external trade risks could further strengthen the case for additional policy easing by the RBI.

India's infrastructure output fell to 2.9% YoY in Feb'25 from 5.1% in Jan'25, marking its slowest pace since Sept'24. Furthermore, this moderation was driven by weaker expansion in coal, refinery products, and cement, while crude oil and natural gas registered sharper contractions. Additionally, infrastructure output for the Apr'24 to Feb'25 period rose 4.4%, significantly below the 7.8% growth recorded a year earlier, reflecting a broader softening in industrial activity.

The UK's trade deficit narrowed to EUR 2.64 Bn in Jan'25, down from EUR 2.82 Bn in Dec'24, marking its smallest level since Sept'24. Furthermore, this improvement was driven by a 3.6% rise in exports to a five-month high of EUR 71.57 Bn, which outpaced the 3.2% increase in imports, reaching a seven-month high of EUR 74.21 Bn. Additionally, goods exports climbed 6.7%, supported by strong demand from both the EU and non-EU markets, while goods imports rose 5.1%, led by a sharp 12% increase in non-EU purchases, even as imports from the EU declined by 0.8%.

Economic Indicators

Indicator	Feb'25	Jan'25
WPI	2.38%	2.31%
CPI	3.61%	4.26%
Food Inflation	3.75%	5.97%
IIP	5.0% (Jan'25)	3.2% (Dec'24)