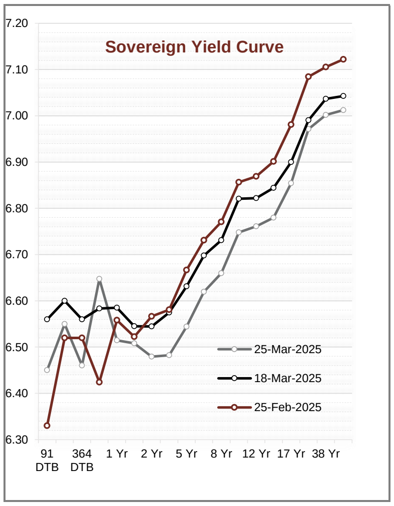
Debt Markets – The 10-year benchmark fell by 2 bps



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.

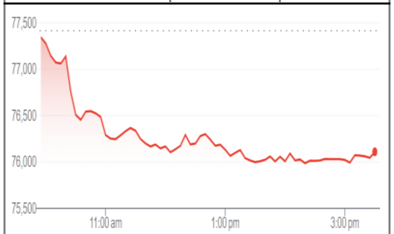
The 1-year and 5-year OIS stood at 6.09% and 5.87% respectively, as of March 21st, 2025.

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 and global cues

Index	Sensex	Nifty
Close	76,024.51	23,165.70
1 day change	-1.80%	-1.50%
	-1390.41	-353.65
1 month change	3.86%	4.71%
	2826.41	1041.00



BSE Sensex - 01 April, 2025

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

Indices opened lower and traded downward, tracking losses from US counterparts amid heightened concerns over economic growth, as investors focused on the US's anticipated tariff announcements, with the prospect of new, reciprocal tariffs on all countries raising fears of escalating trade wars and their potential negative impact on global supply chains. Thereafter, indices continued to trade downward following reports indicating that India's external debt surged by 10.7% to USD 717.9 Bn in Q3 FY25, driven by a combination of higher borrowing and a currency valuation effect, with the appreciation of the greenback contributing an additional USD 12.7 Bn. Toward the end of the session, the downward momentum in indices was limited as Moody's projected India's growth to be the highest among G-20 countries, supported by tax measures, continued monetary easing, and a domestically focused economy with strong financial buffers, which are expected to attract capital and mitigate cross-border outflows. Eventually, the indices ended the session in the red amid selling witnessed in Focused IT, IT, and Consumer Durables.

Among individual stocks, shares of Trent rose by 4.56% following the company's announcement that it has surpassed a portfolio of over 1,000 large-box fashion stores. Shares of Bajaj Auto rose 1.22% after the company registered its best monthly sales of 34,868 units in Mar'25 and regained market leadership with a 26.8% market share in the E2W segment.

Out of the twenty-one sectoral indices compiled by the BSE, nineteen ended the day in red led by Consumer Durables which fell by 2.51%. Whereas, Telecommunication rose by 2.02%.

Global Markets

Markets	Price	Change
Dow Jones	41,989.96	-0.03%
S&P 500	5,633.07	0.38%
FTSE 100	8,634.80	0.61%
Shanghai	3,348.44	0.23%
USD / INR	85.58	0.03%
Brent Oil	74.49	2.38%
Gold	90,870	2.27%
Silver	99,484	-0.99%

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 will conduct an auction of SDL for a notified amount of INR 11,800 Cr tomorrow.

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

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

India's GST collections surged 9.9% YoY to INR 1.96 lakh Cr in Mar'25, with Central GST at INR 38,100 Cr, State GST at INR 49,900 Cr, Integrated GST at INR 95,900 Cr, and cess at INR 12,300 Cr. Furthermore, net GST collections rose 7.3% YoY to INR 1.76 lakh Cr in Mar'25, while gross GST collections for FY25 reached INR 22.08 lakh Cr, reflecting a 9.4% YoY increase. Moreover, the government projected an 11% increase in GST revenue for the year, estimating total collections at INR 11.78 lakh Cr, including Central GST and compensation cess.

US manufacturing PMI fell to 49 in Mar'25 from 50.3 in Feb'25, marking the first contraction in factory activity in three months as new orders, backlog of orders, and employment declined at an accelerated pace. Furthermore, production also contracted while price pressures surged to their highest level since Jun'22, driven by rising tariffs that caused new order placement backlogs and supplier delivery slowdowns. Moreover, business sentiment weakened as companies responded to fluctuating demand by reducing staff, while rising costs and trade-related challenges further pressured the manufacturing sector.

China's manufacturing PMI rose to 51.2 in Mar'25 from 50.8 in Feb'25, marking the highest level since Nov'24, as output growth accelerated due to improved demand conditions and a sustained rise in new orders. Furthermore, foreign sales expanded at the fastest pace in 11 months, prompting firms to increase purchasing activity in response to renewed stock acquisitions, while employment grew for the first time since August 2023, albeit marginally.

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)