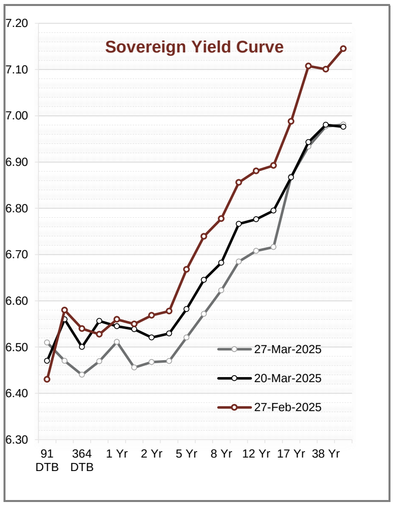
Debt Markets – The 10-year benchmark rose by 2 bps



The 10-year benchmark recorded a close at 6.50%, rising by 2 bps from the close of the previous trading session.

Yields opened lower from the close of the previous session at 6.46% which coincided with day's low. Thereafter, the yields traded upwards to make a high of 6.50% before closing the session at the same level.

The yields opened lower from the close of the previous trading session and traded upwards following The United States announcement of new tariff measures, imposing duties of up to 26% on Indian goods, effective April 9, 2025. This decision follows President Trump's assertion of unfair trade practices and concerns over a USD 35.31 Bn trade deficit with India in FY24. Further, the protectionist move is primarily expected to affect key Indian export sectors, including steel, textiles, and auto parts, while industries such as pharmaceuticals and energy remain exempt from the revised tariffs. Thereafter, the up move in the yields was limited after an intraday fall of ~6.49% in crude oil prices as US President Trump plans to impose a 10% minimum tariff on most imports, while OPEC+ may increase oil supply in May'25 beyond previous projections which could shape global trade, inflation, and energy markets. During the fag end of the session, yields continued to trade downwards a report indicated that U.S. reciprocal tariffs could reduce India's GDP by up to 60 bps in FY26.

FIIs were net buyers in the debt segment with inflows amounting to INR 38.79 Cr as of April 03rd, 2025.

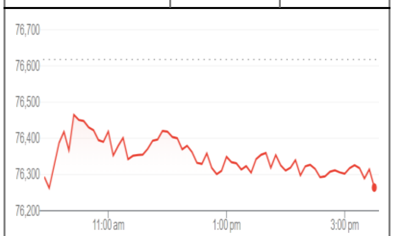
The 1-year and 5-year OIS stood at 6.08% and 5.93% respectively, as of March 27th, 2025.

G-Sec / Bond Yields

Security	Tenure	Yield (SA)
91 DTB	91 Days	6.30%
364 DTB	364 Days	6.30%
GOI 2034	10 Yr	6.50%
GOI 2039	15 Yr	6.60%
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	76,295.36	23,250.10
1 day change	-0.42%	-0.35%
	-322.08	-82.25
1 month change	4.39%	5.11%
	3209.42	1130.80



BSE Sensex - 03 April, 2025

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

Indices opened lower and traded downward as investor sentiment weakened following the U.S.'s 25% tariff on Indian steel, aluminum, and auto-related goods, along with a 27% reciprocal tariff on other imports, escalating trade tensions and economic concerns. Thereafter, indices traded in a range-bound manner following PHDCCI in a report projected only a 0.1% GDP impact, citing India's strong manufacturing base, Aatmanirbhar Bharat, and PLI schemes, which bolster industrial competitiveness and external resilience. The report further emphasized that expanding trade partnerships, rising domestic demand, and policy-driven reforms would sustain growth and macroeconomic stability. However, sentiment remained cautious ahead of the release of key domestic macroeconomic data. Eventually, the indices ended the session in the red amid selling witnessed in Focused IT, Information Technology, and Teck.

Among individual stocks, shares of Bharat Electronics rose 1.81% after the company signed a contract with the Indian Air Force valued at INR 593.22 Cr. Shares of Power Grid Corporation rose 4.60% after the company was declared the successful bidder under Tariff-Based Competitive Bidding for an interstate transmission System project aimed at evacuating power from Mahan Energen Limited's generating station in Madhya Pradesh.

Out of the twenty-one sectoral indices compiled by the BSE, twelve ended the day in red led by Focused IT which fell by 4.31%. Whereas, Utilities rose by 2.44%.

Global Markets

Markets	Price	Change
Dow Jones	40,545.93	-3.98%
S&P 500	5,396.52	-4.84%
FTSE 100	8,474.74	-1.55%
Shanghai	3,342.01	-0.24%
USD / INR	85.58	-0.03%
Brent Oil	70.14	-6.42%
Gold	90,120	-0.72%
Silver	94,461	-5.36%

Spread Analysis

The spread of AAA PSU bonds over the 10-year benchmark security was around 60 bps - 70 bps and the spread of AAA Private bonds over the 10-year benchmark security was around 100 bps - 110 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 11,800 Cr and accepted an amount of INR 11,800 Cr yesterday.

The RBI conducted an auction of T-Bills for a notified amount of INR 19,000 Cr and accepted an amount of INR 19,000 Cr on Wednesday.

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

The Net Liquidity including today's operations was at INR -4.06 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 5.99%.

Previous Auctions

Security	Amount (In Crs)	Yield Range
T-Bill (02 April)	19,000.00	6.29% - 6.30%
SDL (03 April)	11,800.00	6.76% - 6.88%
G-Sec (28 February)	32,000.00	6.74% - 7.14%

News Update

India witnessed a significant shift in global trade as the United States imposed up to 26% tariffs on Indian goods starting April 9, 2025, following President Trump's claim of unfair trade practices and a USD 35.31 billion trade deficit in FY24. Moreover, this protectionist move impacted key Indian exports such as steel, textiles, and auto parts, though sectors like pharmaceuticals and energy remained exempt. Additionally, while the tariff escalation may strain exporters, it coincided with ongoing talks for a bilateral trade pact targeting USD 500 billion trade by 2030. Furthermore, this situation presented opportunities for India to boost domestic manufacturing and attract global supply chain shifts by improving policy stability and business infrastructure.

According to the PHD Chamber of Commerce and Industry, India's GDP was projected to decline by only 0.1% in the short term due to reciprocal tariffs imposed by U.S. President Donald Trump; furthermore, the impact was expected to be offset by India's domestic manufacturing strength under initiatives like Make in India. Moreover, strategic policies such as the Production-Linked Incentive (PLI) schemes and Ease of Doing Business reforms had enhanced India's competitiveness and attracted foreign investment.

United States recorded a historic trade deficit of USD 131.4 billion in Jan'25, up from a revised USD 98.1 billion in Dec'24, surpassing the projected USD 127.4 billion gap. Moreover, imports surged by 10% to an unprecedented USD 401.2 billion, largely driven by pre-tariff stockpiling in finished metal shapes, pharmaceutical preparations, and computers. Additionally, exports grew modestly by 1.2% to USD 269.8 billion, led by civilian aircraft and pharmaceuticals, although soybean sales declined.

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)