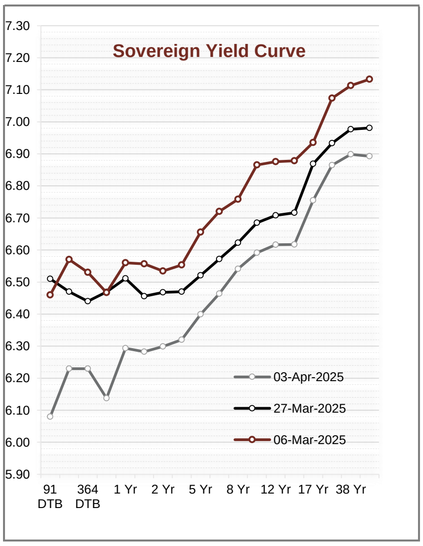
Debt Markets – The 10-year benchmark fell by 3 bps



The 10-year benchmark recorded a close at 6.44%, falling by 3 bps from the close of the previous trading session.

Yields opened higher from the close of the previous trading session at 6.48% and traded upwards to make a high of 6.54%. Thereafter, the yields traded downwards to make a low of 6.43% before closing the session at 6.44%.

The yields opened higher from the close of the previous trading session and traded upwards tracking losses from its US counterparts after China retaliated to US tariffs with an announcement of new levies of 84% on US goods, coupled with growing global trade tensions and increasing recession fears in the US. Thereafter, yields reversed their trajectory and traded downwards after RBI cut its key policy rates for the second straight meeting by 25 bps and also changed its monetary policy stance to accommodative to cushion the Indian economy against external shocks, such as reciprocal tariffs imposed by the US that have triggered global turmoil. During the fag end of the session, the downward movement in yields was limited after RBI downwardly revised India’s economic growth to 6.5% in FY26 from an earlier projection of 6.7% amid, concerns over weakening demand, tighter liquidity, and emerging global headwinds.

FIIs were net sellers in the debt segment with outflows amounting to INR 1159.42 Cr as of April 09th, 2025.

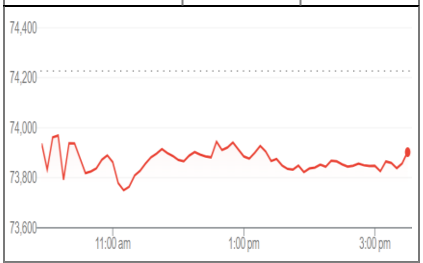
The 1-year and 5-year OIS stood at 5.99% and 5.83% respectively, as of April 02, 2025.

G-Sec / Bond Yields

Security	Tenure	Yield (SA)
91 DTB	91 Days	6.30%
364 DTB	364 Days	6.30%
GOI 2034	10 Yr	6.44%
GOI 2039	15 Yr	6.58%
SDL	10 Yr	6.89% - 6.96% (Annualized)
AAA PSU	10 Yr	7.21% - 7.25% (Annualized)
AAA Pvt.	10 Yr	7.49% - 7.52% (Annualized)

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

Index	Sensex	Nifty
Close	73,847.15	22,399.15
1 day change	-0.51%	-0.61%
	-379.93	-136.70
1 month change	-0.36%	-0.27%
	-268.02	-61.15



BSE Sensex - 09 April, 2025

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

Indices opened the session lower and traded downwards tracking the US counterparts amid escalating trade tensions with raising fears of a trade war after the US President Donald Trump imposed a 104% tariff on Chinese goods. Thereafter, the indices reversed their trajectory and traded with a downward bias after the RBI cut its repo rate by 25 bps and also lowered its inflation projection to 4% for FY26. Thereafter, the down move in the indices was limited after UBS lowered India’s GDP growth forecast to 6% for FY26 from its previous estimate of 6.3% after reciprocal tariffs of 26% was imposed on India by the US. The report further highlighted that the tariffs imposed would have an impact of nearly 20 bps on the growth of the Indian economy. Eventually, the indices ended the session in red amid selling in Focused IT and Information Technology.

Among individual stocks, shares of Bharat Heavy Electronics Ltd rose by 0.48% after the company signed a 10-year MoU with Italy-based Nuovo Pignone for compressor revamp projects in India’s fertilizer sector. Shares of Bharat Petroleum Corporation Ltd rose by 0.72% after the company formed a joint venture with Singapore-based Sembcorp to develop green hydrogen, ammonia, and renewable energy projects across India.

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 2.19%. Information Technology fell by 2.01%.

Global Markets

Markets	Price	Change
Dow Jones	39,593.66	-2.50%
S&P 500	5,268.05	-3.46%
FTSE 100	7,913.25	3.04%
Shanghai	3,220.42	-0.01%
USD / INR	86.59	0.69%
Brent Oil	65.48	4.23%
Gold	92,050	4.90%
Silver	91,689	3.16%

Spread Analysis

The spread of AAA PSU bonds over the 10-year benchmark security was around 70 bps and the spread of AAA Private bonds over the 10-year benchmark security was around 90 bps - 100 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 3,500 Cr and accepted an amount of INR 3,500 Cr on Tuesday.

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 32,000 Cr today.

The Net Liquidity including today's operations was at INR -1.89 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 5.91%.

Previous Auctions

Security	Amount (In Crs)	Yield Range
T-Bill (09 April)	19,000.00	6.03% - 6.09%
SDL (08 April)	3,500.00	6.81% - 6.87%
G-Sec (04 April)	36,000.00	6.25% - 6.49%

News Update

RBI MPC unanimously voted to reduce the policy repo rate by 25 bps to 6.00% and consequently reduced the Standing Deposit Facility rate under the liquidity adjustment facility shall stand adjusted to 5.75% and the Marginal Standing Facility rate and the Bank Rate to 6.25%. Furthermore, the economy is projected to gain momentum driven by sustained demand from rural areas, an anticipated revival in urban consumption, expected recovery of fixed capital formation supported by increased government capital expenditure, higher capacity utilization, and healthy balance sheets of corporates and banks are expected to support growth. Additionally, the MPC decided to change the policy stance from 'neutral' to 'accommodative' as the global economy navigates a period of exceptional uncertainty.

UBS downwardly revised India’s FY26 GDP growth forecast to 6% from 6.3%, citing global trade disruptions from US tariff hikes, following the RBI's MPC reduced GDP projection from 6.7% to 6.5%. Moreover, risks to private capex recovery and export performance remain, driven by weak global demand and potential excess capacity offloading from China. Additionally, UBS expects a cumulative 125 bps rate cut and sustained government capex to support macroeconomic stability and growth momentum.

According to a Union Bank of India report, WPI inflation is projected to have eased to 2.1% in Mar’25 from 2.4% in Feb’25, primarily due to seasonal declines in food, especially vegetable prices, and lower fuel costs. However, marginal upticks in edible oil and sugar prices, coupled with a surge in global metal costs amid escalating trade tensions, may add upward pressure on manufactured food prices and core inflation. Additionally, the report cautions that global supply chain disruptions and seasonal food price increases from Apr’25 onward may pose risks to the inflation outlook.

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)