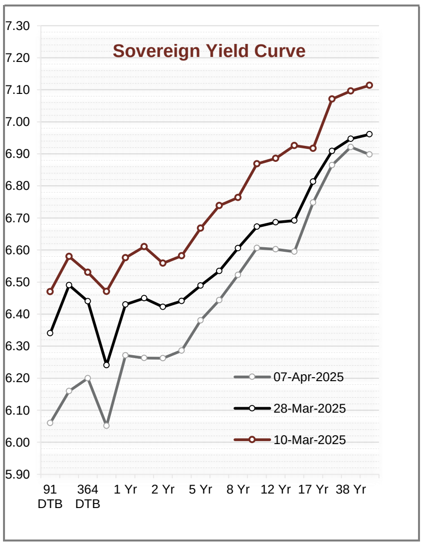
Debt Markets – The 10-year benchmark remained unchanged



The 10-year benchmark recorded a close at 6.44%, remaining unchanged from the close of the previous trading session.
Yields opened higher from the close of the previous trading session at 6.45% which coincided with the day's high. Thereafter, the yields traded downwards to make a low of 6.42% before closing the session at 6.44%
The yields opened higher from the close of the previous trading session and traded marginally upwards tracking losses from its US counterparts, amid growing global trade tensions and increasing recession fears due to escalating trade tensions, with President Donald Trump's newly imposed tariffs prompting rapid retaliation from China. Thereafter, yields reversed their trajectory and traded downwards after GTRI highlighted the advantage for Indian exporters due to the US administration's pause on reciprocal tariffs, on Indian goods—particularly in textiles, leather, engineering, and electronics. Additionally, GTRI urged India to utilize this period to enhance its export ecosystem and boost trade relations with American buyers. During the fag end of the session, the downward movement in yields was limited following the drop in India's IIP to 2.9% YoY in Feb'25 from an upwardly revised 5.2% in Jan'25, the growth marked the weakest expansion since August, the deceleration was driven by slower growth in key sectors including coke and refined petroleum.
FIIs were net sellers in the debt segment with outflows amounting to INR 1475.56 Cr as of April 11th, 2025.
The 1-year and 5-year OIS stood at 5.93% and 5.76% respectively, as of March 28, 2025.

G-Sec / Bond Yields

Security	Tenure	Yield (SA)
91 DTB	91 Days	6.03%
364 DTB	364 Days	6.09%
GOI 2034	10 Yr	6.44%
GOI 2039	15 Yr	6.55%
SDL	10 Yr	6.80% - 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 higher amid mixed domestic and global cues

Index	Sensex	Nifty
Close	75,157.26	22,828.55
1 day change	▲ 1.77%	▲ 1.92%
	▲ 1310.11	▲ 429.40
1 month change	▲ 1.42%	▲ 1.47%
	▲ 1054.94	▲ 330.65

BSE Sensex - 11 April, 2025

Domestic benchmark indices ended the session higher amid mixed domestic and global cues.
Indices opened the session higher and traded upwards after US President Donald Trump declared a 90-day pause on tariff hikes for most trading partners, including India. However, global sentiment remained cautious amid rising US-China trade tensions and due to frequent policy flip-flops in the US trade policy. Thereafter, the indices reversed their trajectory and traded with a downward bias after India's unemployment rate rose to 3.2% in CY24 up from 3.1% in CY23 amid decline in women's workforce participation. Additionally, investor sentiment remained cautious ahead of the release of key macro-economic data which would provide clues about further rate cuts by the RBI in its upcoming policy meetings during FY26.
Thereafter, the down move in the indices was limited after the Asian Development Bank projected the Indian economy to grow by 6.7% YoY in FY26 driven by higher domestic demand, rising rural incomes and moderating inflation. Eventually, the indices ended the session in green amid buying in Metal and Commodities.
Among individual stocks, shares of Hindalco rose by 6.70% following the US government's suspension of the 26% reciprocal tariff in India until July 9, 2025. Shares of Muthoot Finance fell by 5.84% after the RBI released draft guidelines on gold-backed loans, triggering heavy intraday volatility.
Out of the twenty-one sectoral indices compiled by the BSE, all the sectors ended the day in green led by Metal as it rose by 4.29%. Commodities rose by 3.40%.

Global Markets

Markets	Price	Change
Dow Jones	40,524.79	▲ 0.78%
S&P 500	5,405.97	▲ 0.79%
FTSE 100	8,134.34	▲ 2.14%
Shanghai	3,260.90	▼ -0.06%
USD / INR	86.10	▼ -0.57%
Brent Oil	64.76	▼ -1.10%
Gold	93,288	▲ 1.34%
Silver	94,845	▲ 3.44%

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 will conduct an auction of SDL for a notified amount of INR 3,000 Cr today.
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 30,000 Cr on Friday.
The Net Liquidity including today's operations was at INR -1.77 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 5.79%.

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 (11 April)	32,000.00	6.56% - 6.90%

News Update

India's industrial production growth fell to 2.9% YoY in Feb'25 from 5% in Jan'25, reflecting a broad-based deceleration across key sectors. Furthermore, manufacturing output growth increased to 2.9% from 5.5%, mining slowed to 1.6%, and electricity output improved moderately to 3.6%. Moreover, as per use-based classification, growth softened across most categories, though infrastructure/construction goods, primary goods, and capital goods remained the top contributors to overall IIP expansion.
Moody's downwardly revised India's FY25 growth forecast to 6.1% from 6.4%, citing potential economic fallout from recently announced U.S. tariffs, despite a temporary 90-day freeze on most duties. Moreover, key export-oriented sectors such as gems and jewellery, medical devices, and textiles are expected to bear the brunt of the impact, though Moody's noted that India's relatively low dependence on external demand might help limit broader economic disruption. Additionally, Moody's projects that the RBI will lower the repo rate to 5.75% by the end of CY25 to support domestic growth and mitigate the tariff shock.
UK's GDP rose by 0.5% MoM in Feb'25 from a flat reading in Jan'25, primarily driven by a 1.5% surge in industrial production, with manufacturing output rising by 2.2%, notably supported by a 9.8% increase in the production of computer, electronic, and optical products, and a 4.4% rise in pharmaceutical preparations. Additionally, utilities supply grew by 2%, while mining output declined by 3%. Moreover, the services sector grew by 0.3%, bolstered by gains in computer programming and consultancy, telecommunications, and publishing, while construction output rose by 0.4%, driven by public sector projects and maintenance activities.

Economic Indicators

Indicator	Feb'25	Jan'25
WPI	2.38%	2.31%
CPI	3.61%	4.26%
Food Inflation	3.75%	5.97%
IIP	2.9%	5.0%