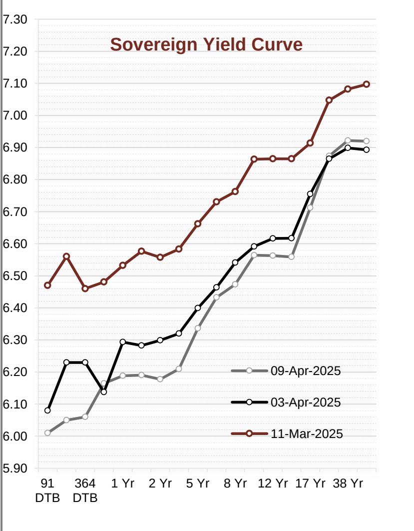
Debt Markets – The 10-year benchmark fell by 2 bps



The 10-year benchmark recorded a close at 6.39%, falling by 2 bps from the close of the previous trading session.

Yields opened unchanged from the close of the previous session at 6.41% and traded upwards to make a high of 6.42%. Thereafter, the yields traded downwards to make a low of 6.39% before closing the session at the same level.

The yields opened unchanged from the close of the previous trading session and traded upwards after the WTO reduced its CY25 trade forecasts amid renewed fears of a global trade war driven by Donald Trump's tariff push, policy uncertainty now looms large over the fragile recovery in global commerce. Further, reports mentioned the reciprocal duties is expected to impact emerging countries like India too. Thereafter, yields reversed their trajectory and traded downwards Moody's expects India's economy to likely weather the latest wave of US tariff hikes with only limited fallout, given that exports to the US account for just 6.6% of nominal GDP. During the fag end of the session, the downward movement in yields was limited, as Morgan Stanley lowered India's FY26 GDP growth estimate by 40 basis points to 6.1%, citing uncertainty from evolving trade and tariff policies that are weighing on external demand and business sentiment, thereby hampering the capex cycle

FIIs were net sellers in the debt segment with outflows amounting to INR 59.25 Cr as of April 16th, 2025.

The 1-year and 5-year OIS stood at 5.83% and 5.79% respectively, as of April 09th, 2025.

G-Sec / Bond Yields

Security	Tenure	Yield (SA)
91 DTB	91 Days	5.94%
364 DTB	364 Days	6.02%
GOI 2034	10 Yr	6.39%
GOI 2039	15 Yr	6.54%
SDL	10 Yr	6.82% - 6.91% (Annualized)
AAA PSU	10 Yr	7.21% - 7.25% (Annualized)
AAA Pvt.	10 Yr	7.42% - 7.45% (Annualized)

Equity Markets – Indices ended the session higher amid positve domestic and global cues

Index	Sensex	Nifty
Close	77,044.29	23,437.20
1 day change	0.40%	0.47%
	309.40	108.65
1 month change	3.88%	4.12%
	2874.34	927.55

BSE Sensex - 16 April, 2025

Domestic benchmark indices ended the session higher amid positive domestic and global cues.

Indices opened the session marginally higher and initially traded downwards, after India's trade deficit widened to USD 21.54 Bn in Mar'25 from USD 15.6 Bn in Mar'24, signaling a growing imbalance between imports and exports. Additionally, export growth remained subdued at 0.7%, primarily due to the delayed impact of geopolitical tensions and trade uncertainties, underscoring ongoing challenges.Thereafter, the indices reversed its tradectory and traded with an upward bias, following India's inflation rate which fell to 3.34% in Mar'25 from 3.61% in Feb'25, primarily attributed to a significant decline in food inflation, which dropped to 2.69% from 3.75%, amid deflationary pressures on eggs, spices, vegetables, and pulses. During the fag end of the session, the upward movement in the indices was further accentuated as investors' sentiment buoyed over expectations of further rate cuts from RBI after India's inflation fell to its lowest level in over five years. Eventually, the indices ended the session in green amid buying in Oil & Gas and Bankex.

Among individual stocks, shares of Wipro rose by 1.50%, after the company announced an 26% increase in net profits to INR 3,570 Cr in Q4FY25. Shares of IndusInd bank rose by 6.74% after the external audit panel to probe discrepancies in its derivatives portfolio found negative impact of INR 1,979 crore significantly lower than estimated earlier.

Out of the twenty-one sectoral indices compiled by the BSE, seventeen sectors ended the day in green led by Oil & Gas which rose by 1.78%. Auto fell by 0.39%.

Global Markets

Markets	Price	Change
Dow Jones	39,669.39	-1.73%
S&P 500	5,275.70	-2.24%
FTSE 100	8,275.60	0.32%
Shanghai	3,279.91	0.12%
USD / INR	85.64	-0.10%
Brent Oil	65.85	1.82%
Gold	95,710	2.37%
Silver	96,070	1.35%

Spread Analysis

The spread of AAA PSU bonds over the 10-year benchmark security was around 70 bps - 80 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 3,000 Cr and accepted an amount of INR 3,000 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 yesterday.

The RBI will conduct an auction of G-sec for a notified amount of INR 14,000 Cr today.

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 5.85%.

Previous Auctions

Security	Amount (In Crs)	Yield Range
T-Bill (16 April)	19,000.00	5.94% - 6.02%
SDL (15 April)	3,000.00	6.43% - 6.84%
G-Sec (11 April)	32,000.00	6.56% - 6.90%

News Update

Morgan Stanley lowered India's GDP growth forecast to 6.1% from 6.5% for FY26 and 6.3% from 6.5% for FY27, citing uncertainty around trade and tariff policies that could dampen external demand and weigh on the capex cycle. Furthermore, inflation is expected to remain moderate, averaging 4% in FY26, supported by easing food prices and lower oil costs. Additionally, volatility in global capital flows and currency markets may complicate policy efforts to address emerging growth risks.

China's GDP growth rose by 5.4% YoY in Q1 CY25, maintaining the same pace as Q4 CY23, driven by sustained government stimulus and solid domestic fundamentals, including higher industrial output, a sharp rise in retail sales, and a decline in the surveyed unemployment rate. Furthermore, on the external front, export growth reached its strongest level since Oct'24 as firms expedited shipments ahead of anticipated tariffs, while the fall in imports narrowed. However, despite official statements describing a "good and steady start" and emphasizing the role of innovation, rising trade tensions with the U.S. have weighed on the outlook, increasing the likelihood of additional policy support.

UK's inflation rate fell to 2.6% in Mar'25 from 2.8% in Feb'25, mainly driven by reduced price pressures in recreation and culture, particularly in games, toys, and hobbies, along with a significant 5.3% decline in data processing equipment and motor fuel. Additionally, categories like restaurants and hotels, housing and utilities, and food and non-alcoholic beverages experienced slower price increases, while upward pressure arose from clothing and footwear, where seasonal trends led prices to rise. Furthermore, the monthly Consumer Price Index increased by 0.3%, while annual core inflation decreased to 3.4% from 3.5%.

Economic Indicators

Indicator	Mar'25	Feb'25
WPI	2.05%	2.38%
CPI	3.34%	3.61%
Food Inflation	2.69%	3.75%
IIP	2.9% (Feb'25)	5% (Jan'25)