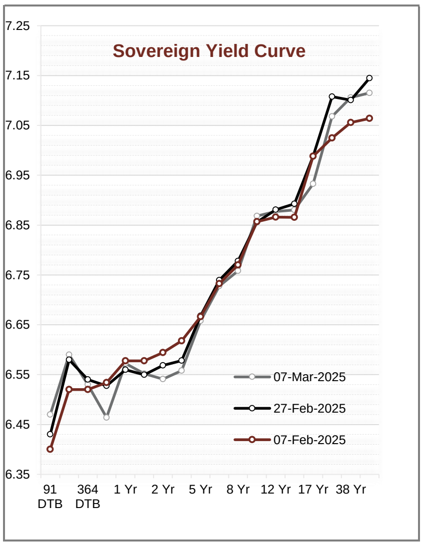
Debt Markets – The 10-year benchmark rose by 2 bps.



The 10-year benchmark recorded a close at 6.70%, rising by 2 bps from the close of the previous trading session.

Yields opened unchanged from the close of the previous session at 6.68% which coincided with the day's low. Thereafter, the yields traded upwards to make a high of 6.70% before closing the session at the same level.

The yields opened unchanged from the close of the previous trading session and traded downwards after India's industrial production rose by 5.0% YoY in Jan'25 compared to a 3.5% rise in Dec'24 driven by stronger output in several sectors, including coke and refined petroleum products, other non-metallic mineral products and textiles. However, the yields reversed their trajectory and traded with an upward bias after a media report highlighted that the RBI might not cut rates in an aggressive manner despite easing inflation as the system liquidity remained in deficit. Thereafter, the up move in the yields was limited after a report from Morgan Stanley projected India to be the third largest economy by CY28 driven by macroeconomic stability and infrastructure improvements.

FIIs were net buyers in the debt segment with inflows amounting to INR 1,379.13 Cr as of March 13th, 2025.

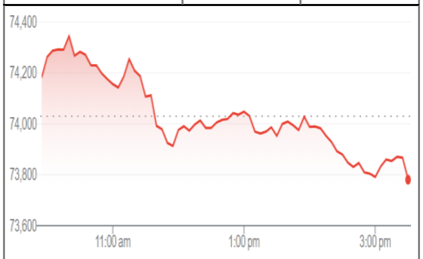
The 1-year and 5-year OIS stood at 6.19% and 5.96% respectively, as of March 07th, 2025.

G-Sec / Bond Yields

Security	Tenure	Yield (SA)
91 DTB	91 Days	6.49%
364 DTB	364 Days	6.56%
GOI 2034	10 Yr	6.70%
GOI 2039	15 Yr	6.83%
SDL	10 Yr	7.20% - 7.32% (Annualized)
AAA PSU	10 Yr	7.22% - 7.25% (Annualized)
AAA Pvt.	10 Yr	7.67% - 7.70% (Annualized)

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

Index		Sensex	Nifty
Close		73,828.91	22,397.20
1 day change		-0.27%	-0.33%
		-200.85	-73.30
1 month change		-3.03%	-2.75%
		-2310.06	-634.20



BSE Sensex - 13 March, 2025

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

Indices opened lower but traded upward as investor sentiment improved, supported by strong economic data as India's retail inflation eased to a seven-month low of 3.61% in Feb'25 from 4.31% in Jan'25 due to softening food price pressures, while industrial production (IIP) grew by 5.0% in Jan'25 from 3.5% in Dec'24, driven by a 5.5% expansion in the manufacturing sector compared to 3.6% in the same period last year. Thereafter, indices reversed their trajectory and traded downward after the RBI reported a moderation in net sales growth of select FDI companies to 9.3% in FY24 from 20.3% in the previous year, attributed to the normalization of post-pandemic demand. Toward the end of the session, indices sustained downward momentum as the NSE's weekly index option expiries triggered portfolio adjustments, while intensifying trade tensions among major economies further dampened investor sentiment and reinforced a cautious outlook. Eventually, the indices ended the session in red amid selling witnessed in Realty, Auto, and Metal.

Among individual stocks, shares of Bharat Electronics (BEL) rose 1.18% after the company announced that it has received a contract worth INR 2,463 Cr from the Ministry of Defence for the supply and services of Ashwini Radars to the Indian Air Force. Shares of PowerGrid rose 0.36% after the company approved the investments of INR 341.57 Cr in two transmission projects.

Out of the twenty-one sectoral indices compiled by the BSE, nineteen ended the day in red, led by Realty, which fell by 1.79%. Whereas, Bankex rose by 0.14%.

Global Markets

Markets	Price	Change
Dow Jones	41,488.19	1.65%
S&P 500	5,638.94	2.13%
FTSE 100	8,632.33	1.05%
Shanghai	3,419.56	1.81%
USD / INR	87.05	-0.22%
Brent Oil	69.88	-1.51%
Gold	87,963	1.53%
Silver	1,00,761	1.42%

Spread Analysis

The spread of AAA PSU bonds over the 10-year benchmark security was around 40 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 40,120 Cr tomorrow.

The RBI will conduct an auction of T-Bills for a notified amount of INR 33,000 Cr on Wednesday.

The RBI conducted an auction of G-sec for a notified amount of INR 32,000 Cr and accepted an amount of INR 32,000 Cr on February 28.

The Net Liquidity including today's operations was at INR -0.46 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 6.04%.

Previous Auctions

Security	Amount (In Crs)	Yield Range
T-Bill (12 March)	33,000.00	6.49% - 6.56%
SDL (11 March)	49,522.00	6.87% - 7.28%
G-Sec (28 February)	32,000.00	6.74% - 7.14%

News Update

India's forex reserves increased by USD 15 billion in the week ended March 7, reaching USD 653.9 billion, marking the sharpest single-week gain in over two years, primarily due to revaluation in the dollar index and the USD 10 billion forex swap conducted by the RBI on February 28 to address liquidity deficits. Furthermore, the RBI intervened in the forex market, resulting in a net purchase of USD 4.5 billion, while the dollar index weakened to a four-and-a-half-month low of 103 from around 110 in early January.

According to media reports, India's CPI is expected to undershoot the Reserve Bank's target in Q4FY25, creating more policy space for a potential rate cut, as India's retail inflation significantly declined to 3.61% in Feb'25, marking a 65-basis point drop from the previous month. Additionally, the RBI maintained an elevated repo rate to control inflation, while economists projected CPI to average 4.6 percent in FY25, with Q4FY25 inflation at 3.8 percent, supported by a strong Rabi harvest, effective supply management, and stable commodity prices.

The UK GDP shrank by 0.1% MoM in Jan'25 compared to a growth of 0.4% in Dec'24, primarily due to a contraction in the production sector. Further, services output grew marginally by 0.1% but slowed from December's 0.4% increase, whereas production output declined by 0.9% and construction fell by 0.2% for the second consecutive month. Additionally, part of the economic weakness was a correction from December's strong 0.4% GDP growth, while a sharp 1.1% decline in manufacturing, driven by a 3.3% drop in metals output, could have been influenced by anticipated US import tariffs on steel and aluminum.

Economic Indicators

Indicator	Feb'25	Jan'24
WPI	2.31% (Jan'25)	2.37% (Dec'24)
CPI	3.61%	4.26%
Food Inflation	3.75%	5.97%
IIP	5.0% (Jan'25)	3.2% (Dec'24)