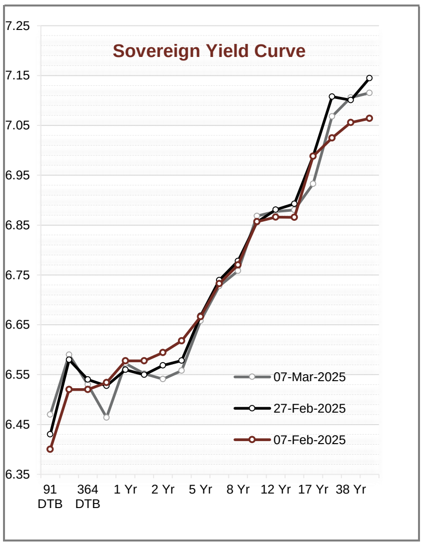
Debt Markets – The 10-year benchmark fell by 1 bp.



The 10-year benchmark recorded a close at 6.69%, falling by 1 bp from the close of the previous trading session.

Yields opened lower from the close of the previous session at 6.69% which coincided with the day's low. Thereafter, the yields traded upwards to make a high of 6.70% before closing the session at 6.69%.

The yields opened lower from the close of the previous trading session and traded downward as a report indicated that economists project an RBI rate cut in Apr'25, citing retail inflation falling below the central bank's target and expectations of stable food prices amid rising farm output. During midday, yields reversed their trajectory and traded upward as India's WPI inflation surged to 2.38% YoY in Feb'25 from 2.31% in Jan'25, marking the 16th consecutive month of growth and the fastest pace since Jun'24, driven by a sharp rise in manufacturing prices, which hit a two-year high, raising concerns over inflationary pressures and policy implications. Toward the session's end, the yields traded marginally downwards as India's trade deficit narrowed to USD 14.05 Bn in Feb'25, the lowest since Aug'21, driven by a 16.3% YoY decline in imports amid a pullback in energy prices, with softer crude costs easing the import burden for an economy that relies on imports for nearly 90% of its oil and fuel needs.

FIIs were net buyers in the debt segment with inflows amounting to INR 444.77 Cr as of March 17, 2025. The 1-year and 5-year OIS stood at 6.20% and 5.99% respectively, as of March 10, 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	6.69%
GOI 2039	15 Yr	6.82%
SDL	10 Yr	7.20% - 7.32% (Annualized)
AAA PSU	10 Yr	7.25% - 7.31% (Annualized)
AAA Pvt.	10 Yr	7.66% - 7.70% (Annualized)

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

Index	Sensex	Nifty
Close	74,169.95	22,509.65
1 day change	0.46%	0.50%
	341.04	112.45
1 month change	-2.33%	-1.83%
	-1769.26	-419.60

BSE Sensex - 14 March, 2025

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

Indices opened the session higher and initially traded upwards, as investors' sentiment buoyed after a media report highlighted that India's retail inflation is expected to ease further to 4.2% in FY26 from 4.75% as of Feb'25, as food prices decline. Further, the report also stated that record high agricultural production estimates for FY25, the arrival of the fresh rabi harvest, and adequate reservoir levels are positives for the trajectory of food inflation. Thereafter, the indices traded in a range-bound manner after India's wholesale inflation increased to an 8-month high of 2.38% in Feb'25 from 2.31% in Jan'25 primarily due to an increase in prices of manufacturing of food products, food articles, and other manufacturing, which was counteracted after economists predicted an interest rate cut in Apr'25 as the retail inflation fell below the RBI's legal mandate, with increase in farm output.

Eventually, the indices ended the session in green amid buying in Healthcare and Commodity.

Among individual stocks, shares of Shriram Finance rose by 0.72%, after the company announced its plans to invest INR 200 Cr in a joint venture with Salnam for a new wealth management joint. Shares of Wipro fell by 1.53% after the company announced a corporate restructuring for the second time in three years.

Out of the twenty-one sectoral indices compiled by the BSE, eighteen sectors ended the day in green led by Healthcare which rose by 1.12%. Realty fell by 0.35%.

Global Markets

Markets	Price	Change
Dow Jones	41,841.63	0.85%
S&P 500	5,675.12	0.64%
FTSE 100	8,680.29	0.56%
Shanghai	3,429.79	0.11%
USD / INR	86.82	-0.26%
Brent Oil	71.07	1.70%
Gold	88,023	0.07%
Silver	1,00,513	-0.25%

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 today.

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

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 0.32 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 6.34%.

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 WPI inflation rose by 2.38% YoY in Feb'25, up from 2.31% YoY in Jan'25, marking the 16th consecutive month of wholesale inflation and the fastest pace since Jun'24. Moreover, manufacturing prices surged to a two-year high of 2.86%, driven by food products, paper & paper products, and chemicals, while food and primary article prices moderated. Additionally, fuel & power prices declined the least in five months due to a smaller drop in HSD and petrol, while LPG prices rose at a slower pace. Furthermore, wholesale prices edged up by 0.06% on a monthly basis, marking the first increase in four months after a revised 0.64% decline in Jan'25.

India's trade deficit stood at USD 14.05 Bn in Feb'25, narrowing from USD 18.7 Bn a year earlier to reach its lowest level since Aug'21, as imports declined sharply. Moreover, imports plunged by 16.3% YoY to USD 50.96 Bn due to lower energy prices, given that India relies on imports for nearly 90% of its oil and fuel consumption. Additionally, exports fell by a softer 10.9% to USD 36.91 Bn, impacted by weaker domestic industrial output and the rupee's relative strength against key trading partner currencies.

China's industrial production expanded by 5.9% YoY in Jan'25-Feb'25, exceeding market forecasts of 5.3% but slowing from 6.2% YoY in Dec'24. Moreover, manufacturing growth moderated to 6.9% from 7.4%, while electricity, heat, gas, and water production remained steady at 1.1%, and mining activity accelerated to 4.3% from 2.4%. Additionally, 36 out of 41 major manufacturing sectors expanded, with notable growth in computer and communication, non-ferrous metal smelting, and cars.

Economic Indicators

Indicator	Feb'25	Jan'24
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)