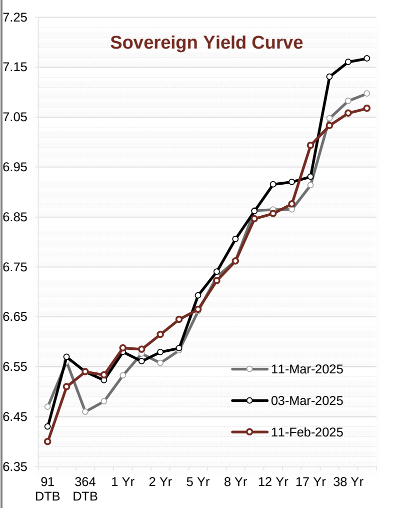
Debt Markets – The 10-year benchmark fell by 2 bps.



The 10-year benchmark recorded a close at 6.67%, falling by 2 bp from the close of the previous trading session.
Yields opened unchanged from the close of the previous session at 6.69% which coincided with the day's high. Thereafter, the yields traded downwards to make a low of 6.67% before closing the session at the same level.
The yields opened unchanged from the close of the previous trading session and traded in a rangebound manner as India's net direct tax collections grew 13.13% YoY to INR 21.3 Tn, driven by a 14.6% rise in advance tax collections, including 12.5% growth in corporate tax and 20.5% growth in non-corporate tax, signaling stronger government revenue inflows, which could ease fiscal concerns and reduce borrowing pressure. However, this was offset after the OECD lowered India's GDP growth forecast for FY26 to 6.4% from 6.9% and FY27 to 6.6% from 6.8%, while maintaining the FY25 projection at 6.3%, citing global uncertainty, rising trade restrictions, and policy uncertainties that could elevate production and consumption costs. Toward the session's end, the yields traded downwards tracking an intraday rise in the rupee by ~26 paise to close at 86.55 against the greenback, supported by capital inflows and sustained weakness in the greenback, as investors remained cautious ahead of the Federal Reserve meeting for further insights into the economy and future interest rate decisions.
FIIs were net buyers in the debt segment with inflows amounting to INR 384.60 Cr as of March 18, 2025. The 1-year and 5-year OIS stood at 6.17% and 5.97% respectively, as of March 11, 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	6.67%
GOI 2039	15 Yr	6.82%
SDL	10 Yr	7.20% - 7.31% (Annualized)
AAA PSU	10 Yr	7.22% - 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	75,301.26	22,834.30
1 day change	▲ 1.53%	▲ 1.44%
	▲ 1131.31	▲ 324.65
1 month change	▼ -0.88%	▼ -0.48%
	▼ -666.13	▼ -111.00

BSE Sensex - 18 March, 2025

Domestic benchmark indices ended the session higher amid positive domestic and global cues.
Indices opened the session higher and initially traded upwards, after India's trade deficit narrowed to USD 14.05 Bn in Feb'25 from USD 18.7 Bn a year earlier to reach its lowest level since Aug'21, as imports declined sharply. 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. During the midsession, the upward trajectory was reversed, after OECD revised India's economic growth forecast for FY26 down to 6.4% from 6.9% projected earlier, while also lowering the FY27 estimate to 6.6% from 6.8%, attributing the decline to global uncertainty, though India remained relatively resilient compared to other major economies. During the fag end of the session the down move was limited, as easing inflation reinforced expectations of lower borrowing costs by the RBI, boosting investor sentiment. Moreover, the central bank's liquidity injections and a more relaxed stance on defending the rupee further aided.
Eventually, the indices ended the session in green amid buying in Realty and Industrials.
Among individual stocks, shares of Hindustan Unilever rose by 1.55%, after the CCI approved its acquisition of Uprising Science, which owns brands like Minimalist. Shares of Bajaj Finserv, fell by 1.4% after Germany's Allianz announced that it was selling its stake in the firm to the Bajaj Group.
Out of the twenty-one sectoral indices compiled by the BSE, all sectors ended the day in green led by Realty which rose by 2.95%.

Global Markets

Markets	Price	Change
Dow Jones	41,581.31	▼ -0.62%
S&P 500	5,614.66	▼ -1.07%
FTSE 100	8,705.23	▲ 0.29%
Shanghai	3,427.84	▼ -0.06%
USD / INR	86.65	▼ -0.20%
Brent Oil	70.56	▼ -0.72%
Gold	88,746	▲ 0.82%
Silver	1,01,300	▲ 0.78%

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 conducted an auction of SDL for a notified amount of INR 52,120 Cr and accepted an amount of INR 52,620 Cr yesterday..
The RBI will conduct an auction of T-Bills for a notified amount of INR 33,000 Cr today.
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 -0.008 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 6.33%.

Previous Auctions

Security	Amount (In Crs)	Yield Range
T-Bill (12 March)	33,000.00	6.49% - 6.56%
SDL (18 March)	52,620.00	6.92% - 7.18%
G-Sec (28 February)	32,000.00	6.74% - 7.14%

News Update

According to the OECD, India's economic growth forecast for FY26 was revised down to 6.4% from 6.9%, while the FY27 estimate was lowered to 6.6% from 6.8%, citing global uncertainty, though India remained more resilient than other major economies. Moreover, India's FY25 growth was projected at 6.3%, slightly below the NSO estimate of 6.5%, while both India and Indonesia were expected to benefit from trade diversions amid rising tariffs. Furthermore, India's economic performance remained strong in Q4FY24 with 6.2% GDP growth, while inflation forecasts were raised to 4.5% for FY26 and 4.1% for FY27, reflecting its resilience amid global challenges.
The US industrial production rose by 0.7% in Feb'25, marking the third consecutive monthly increase, following a downwardly revised 0.3% rise in Jan'25 and a 1.1% gain in Dec'24. Moreover, manufacturing output, which constitutes 78% of total industrial production, expanded by 0.9%, driven by an 8.5% surge in motor vehicles and parts, while manufacturing excluding this sector grew by 0.4%. Additionally, mining output rebounded by 2.8% after a 3.2% decline in Jan'25, whereas utilities output contracted by 2.5% due to declines of 1.2% in electric utilities and 11.1% in natural gas utilities.
The Euro Area trade surplus stood at EUR 1 Bn in Jan'25, significantly narrowing from the downwardly revised EUR 10.6 Bn surplus a year earlier, marking the lowest balance since the energy crisis-driven deficits ended in May'23. Moreover, imports surged by 7.6% to EUR 231.5 Bn, largely driven by higher purchases of manufactured goods, while exports grew at a slower pace of 3% to EUR 232.6 Bn. Additionally, the broader European Union swung to a trade deficit of EUR 5.4 Bn from a EUR 6.7 Bn surplus, as the trade balance for manufactured goods excluding machinery, vehicles, and chemicals fell to a EUR 7.8 Bn deficit from a slight surplus of EUR 0.2 Bn.

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)