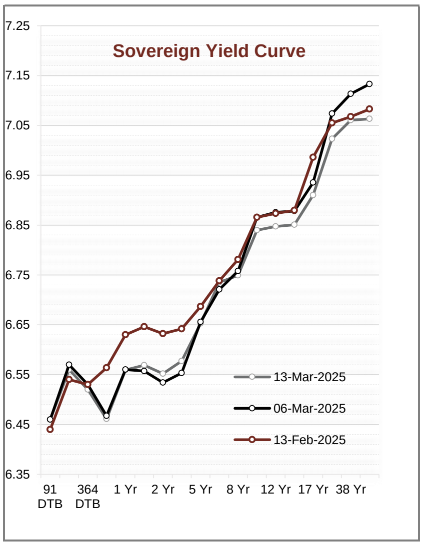
Debt Markets – The 10-year benchmark fell by 2 bps.



The 10-year benchmark recorded a close at 6.62%, falling by 2 bps from the close of the previous trading session.
Yields opened unchanged from the close of the previous session at 6.64% which coincided with the day's high. Thereafter, the yields traded downwards to make a low of 6.61% before closing the session at 6.62%.
The yields opened unchanged from the close of the previous trading session and traded downward after a media report highlighted that India's economy remained partially shielded from US trade tensions due to a favorable trade balance. However, concerns over potential tariff changes impacting key sectors such as automobiles, pharmaceuticals, and textiles weighed on sentiment, reflecting broader external vulnerabilities. During midday, yields reversed their trajectory and traded upwards following a CRISIL report signaling a sharp deceleration in India's economic growth to 5.6% YoY in Feb'25 from 9.4% in Jan'25, driven by weaker vehicle registrations, motorcycle production, non-oil exports, and diesel consumption, raised concerns over domestic demand resilience. Toward the session's end, yields reversed their trajectory and traded downwards, tracking an intraday rise in the rupee by ~39 paise to close at 85.98, strength underpinned by sustained FII inflows, RBI's forex market interventions, a softer greenback index amid concerns over slowing economic growth, and stronger-than-expected trade data, reinforcing positive sentiment toward India's external position.
FIIs were net buyers in the debt segment with inflows amounting to INR 82.35 Cr as of March 21, 2025. The 1-year and 5-year OIS stood at 6.11% and 5.95% respectively, as of March 13, 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	6.62%
GOI 2039	15 Yr	6.82%
SDL	10 Yr	7.08% - 7.23% (Annualized)
AAA PSU	10 Yr	7.21% - 7.28% (Annualized)
AAA Pvt.	10 Yr	7.61% - 7.63% (Annualized)

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

Index	Sensex	Nifty
Close	76,905.51	23,350.40
1 day change	0.73%	0.69%
	557.45	159.75
1 month change	1.54%	1.91%
	1169.55	437.25

BSE Sensex - 21 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 the RBI's State of Economy report highlighted a sharp moderation in inflation from over 6% in Oct'24 to 3.6% in Feb'25, driven by strong agricultural performance and seasonal price corrections, supporting India amid global trade tensions and economic uncertainties. The report also underscored India's structural strengths, including sound fiscal policies, a well-calibrated monetary framework, and digital transformation initiatives. During the midsession, the indices reversed their trajectory and traded downwards, after CRISIL in its latest report indicated India's economic growth sharply decelerated to 5.6% YoY in Feb'25, down from 9.4% in Jan'25, driven by weaker vehicle registrations, motorcycle production, non-oil exports, and diesel consumption. During the fag end of the session the down move was limited after a media report highlighted that India's economy was partially shielded from US trade tensions due to a favourable trade balance, though key sectors such as automobiles, pharmaceuticals, and textiles remained vulnerable to tariff change. Eventually, the indices ended the session in green amid buying in Oil & Gas and Utilities.
Among individual stocks, shares of Adani Green rose by 3.64%, as it commissioned a 250 MW solar project in Rajasthan, boosting its total capacity to 12,841 MW. Shares of SBI Life rose by 3.43% after it informed exchanges that it has acquired 65,90,000 equity shares of the Bima Sugam India Federation.
Out of the twenty-one sectoral indices compiled by the BSE, nineteen sectors ended the day in green led by Oil & gas which rose by 2.25%. Consumer durables fell by 0.79%.

Global Markets

Markets	Price	Change
Dow Jones	41,985.35	0.08%
S&P 500	5,667.56	0.08%
FTSE 100	8,646.79	0.63%
Shanghai	3,364.83	-1.89%
USD / INR	86.14	-0.21%
Brent Oil	72.16	0.22%
Gold	87,785	-1.07%
Silver	97,860	-1.57%

Spread Analysis

The spread of AAA PSU bonds over the 10-year benchmark security was around 50 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 conducted an auction of SDL for a notified amount of INR 56,621 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 0.13 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 (19 March)	33,000.00	6.50% - 6.54%
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 an RBI report, net inflows from External Commercial Borrowings (ECBs) more than doubled to USD 18.4 Billion during Apr'24 to Jan'25, driven by a decline in overseas borrowing costs. Moreover, ECB registrations and disbursements stood at USD 47.3 Billion and USD 42.3 Billion respectively, significantly higher than the previous year. Additionally, principal repayments amounted to USD 23.9 Billion, resulting in robust net inflows. Furthermore, the fall in the Secured Overnight Financing Rate since Aug'24 reduced ECB costs by 129 bps.
According to the RBI Bulletin, policymakers faced the challenge of managing upward inflationary pressures arising from tariffs and currency depreciation, while also addressing disinflationary risks linked to a slowing economy. Moreover, the resilience of the global economy was tested by escalating trade tensions and heightened uncertainty regarding the scope and timing of tariffs. Additionally, these factors contributed to increased volatility in global financial markets and raised concerns about a potential deceleration in global growth. Furthermore, the Indian economy remained resilient, supported by robust agricultural output and strengthening consumption.
Japan's inflation rate eased to 3.7% in Feb'25 from a two-year high of 4.0% in the previous month, following a sharp slowdown in electricity and gas prices after the reinstatement of government energy subsidies. Moreover, food inflation moderated slightly, while prices eased across healthcare, recreation, and miscellaneous categories. Additionally, inflation remained steady for housing and clothing, accelerated for transport and household items, and rebounded in communications. Furthermore, core inflation declined to 3.0%, and the monthly CPI registered a 0.1% fall—the first since Sep'24.

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)