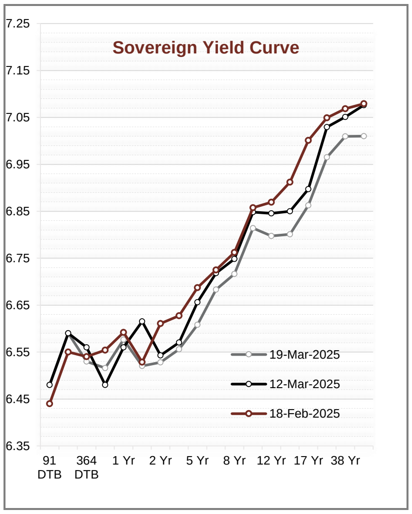
Debt Markets – The 10-year benchmark fell by 4 bps.



The 10-year benchmark recorded a close at 6.60%, falling by 4 bps from the close of the previous trading session.

Yields opened lower from the close of the previous trading session at 6.63% and traded upwards to make a high of 6.65%. Thereafter, the yields traded downwards to make a low of 6.60% before closing the session at the same level.

The yields opened lower from the close of the previous trading session and traded marginally upwards tracking losses from its US counterparts, as investors turned cautious over the increasing concerns about the state of the U.S. economy amid Trump's fast-changing tariff policies.

Thereafter, yields reversed their trajectory and traded downwards following a media report highlighting that the RBI is expected to continue its repo rate cuts as economic growth faced potential headwinds and inflation was projected to stay within the central bank's target range.

During the fag end of the session, the downward movement in yields was limited after S&P lowered India's FY26 GDP forecast by 20 basis points to 6.5%, however, the report projected a stable outlook, assuming a normal monsoon season and soft commodity prices, particularly crude oil.

FIIs were net sellers in the debt segment with outflows amounting to INR 480.29 Cr as of March 26th, 2025.

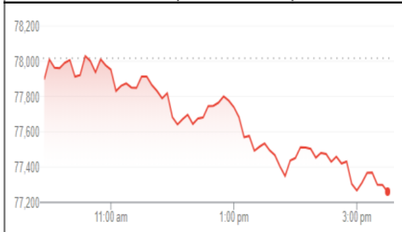
The 1-year and 5-year OIS stood at 6.10% and 5.94% respectively, as of March 19th, 2025.

G-Sec / Bond Yields

Security	Tenure	Yield (SA)
91 DTB	91 Days	6.52%
364 DTB	364 Days	6.47%
GOI 2034	10 Yr	6.60%
GOI 2039	15 Yr	6.73%
SDL	10 Yr	7.05% - 7.15% (Annualized)
AAA PSU	10 Yr	7.21% - 7.25% (Annualized)
AAA Pvt.	10 Yr	7.63% - 7.66% (Annualized)

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

Index	Sensex	Nifty
Close	77,288.50	23,486.85
1 day change	-0.93%	-0.77%
	-728.69	-181.80
1 month change	3.59%	4.18%
	2676.07	941.80



BSE Sensex - 26 March, 2025

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

Indices opened the session flat and traded downwards, tracking losses from Asian counterparts, after China's stimulus spurred cautious growth upgrades at global banks, trade risks continue to loom. Furthermore, the Chinese government announced this month that it will take on additional government debt to bolster the economy as part of a broader policy package.

Thereafter, the down move in the indices was limited After Goldman Sachs predicted that the worst phase of India's economic slowdown and earnings decline is likely over, however, market volatility may persist in the near term due to high investments in small-cap and mid-cap stocks, as well as global uncertainties.

Moreover, towards the fag end of the session, the downward movement in the indices continued, after the finance minister expressed pessimism over the short-term growth of the domestic economy as geopolitical tensions, trade policy uncertainties, volatility in international commodity prices and financial market uncertainties pose considerable risks.

Among individual stocks, Siemens Ltd rose 5.68% after the NCLT approved the demerger of the company's energy business. Shares of Bharti Airtel rose 0.15% after the company pre-paid INR 5,985 Cr to clear high-interest debts for the 2024 spectrum auctions. It also paid off USD 1 Bn in debt early through another subsidiary.

Out of the twenty-one sectoral indices compiled by the BSE, twenty sectors ended the day in red led by Oil & Gas as it fell by 1.52%. Capital Goods rose by 0.05%.

Global Markets

Markets	Price	Change
Dow Jones	42,454.79	-0.31%
S&P 500	5,712.20	-1.12%
FTSE 100	8,689.59	0.30%
Shanghai	3,368.70	-0.04%
USD / INR	85.74	0.00%
Brent Oil	73.06	0.93%
Gold	87,661	0.10%
Silver	99,472	0.25%

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 conducted an auction of SDL for a notified amount of INR 74,655 Cr and accepted an amount of INR 72,255.11 Cr on Tuesday.

The RBI conducted an auction of T-Bills for a notified amount of INR 33,000 Cr and accepted an amount of INR 33,000 Cr yesterday.

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 -1.52 Lakh Cr and were parked under SDF at 6.00%. The Wt. Avg.Call Money rate was 6.20%.

Previous Auctions

Security	Amount (In Crs)	Yield Range
T-Bill (26 March)	33,000.00	6.47% - 6.52%
SDL (25 March)	72,255.11	6.78% - 7.10%
G-Sec (28 February)	32,000.00	6.74% - 7.14%

News Update

According to the IMF, India's GDP has doubled over the past decade, rising from USD 2.1 Tn in FY15 to an estimated USD 4.27 Tn by FY25, reflecting strong economic expansion. Furthermore, the report also highlighted that the economy continues to grow at a robust 6.5% rate, while inflation remains stable at 4.1%, with retail inflation easing to 3.61% in Feb'25, staying within the RBI's target range. Moreover, India's GDP per capita indicates rising prosperity, but government debt at 82.6% of GDP remains a challenge for sustaining long-term growth.

According to Goldman Sachs, India's economic slowdown is likely over, with growth and corporate earnings projected to improve. However, market volatility may persist due to elevated domestic investment in smaller stocks and global risks, particularly potential U.S. tariffs. Furthermore, the firm attributes the slowdown to cyclical factors, such as policy tightening, FX outflows, and a cautious monetary stance, rather than structural weaknesses.

UK inflation fell to 2.8% in Feb'25 from 3% in Jan'25, aligning with the BoE's projections and primarily driven by lower clothing prices, marking their first decline since Oct'21. Furthermore, inflation eased in discretionary segments like clothing, recreation, and housing, while food inflation remained unchanged and transport costs rose, highlighting sectoral imbalances. Meanwhile, core inflation softened to 3.5%, and a modest 0.4% rebound in monthly CPI suggests that underlying price pressures remain contained, supporting the case for a data-dependent monetary policy stance.

Economic Indicators

Indicator	Feb'25	Jan'25
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)