

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	87.568	-0.14
BRENT OIL	74.30	+0.79
GOLD	2881.85	+0.54
INDIA 10YR	6.7043	+0.72
US 10YR	4.446	+0.11
NIFTY50	23559.95	-0.18
SENSEX	77860.19	-0.25

G-SEC/BONDS YIELDS

SECURITY	LTY(%)TODAY	LTY(%)PREV DAY
364DTB	6.4000	6.5100
G-SEC2028	6.6149	6.5920
G-SEC2033	6.7698	6.7346
G-SEC2037	6.8667	6.8296
G-SEC2053	7.0249	6.9948
SDL2027	6.7805	6.8337
SDL2033	7.0341	7.0485

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
NATIONAL BANK FOR FINANCING INFRASTRUCTURE AND DEVELOPMENT SR 3 7.25 BD 03FB40 FVRS1LAC	7.2507	99.9500
BAJAJ FINANCE LIMITED 7.60 NCD 11FB30 FVRS10LAC	7.7412	99.4150
NUVAMA WEALTH FINANCE LIMITED SR I7L403A BR NCD 30JU28 FVRS1LAC	11.7500	101.1957
REC LIMITED SR 239 BD 03NV34 FVRS1LAC	6.4432	54.6141

AUCTION RESULT OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF YIELD	AMOUNT
06.92% GS 2039	2039	100.57/6.8565	12000
07.09% GS 2054	2054	100.56/7.0455	10000
TOTAL	22,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.3000	6.3500	6.05750	6.1150	6.0550	6.1175

BOND MARKET

The 10-year benchmark recorded a close of 6.7043%, 4.78 bps higher than the close of the previous day's trading session. Yields traded in the range of 6.6449 to 6.7107 during the day.

DOMESTIC BROADCAST

The RBI's Monetary Policy Committee (MPC) cut the repo rate by 25 basis points to 6.25%, maintaining a neutral stance while focusing on inflation and growth. RBI Governor Sanjay Malhotra emphasized ensuring sufficient liquidity, monitoring the rupee, and addressing global uncertainties. With the government's fiscal deficit target reduced to 4.4% of GDP for 2025-26, lower market borrowings provide the RBI more room for a soft monetary policy. Additionally, the government's fiscal measures, including significant income tax cuts, aim to boost consumer spending and accelerate economic growth.

The RBI raised India's real GDP growth forecast for 2025-26 to 6.7%, driven by a strong rabi crop, industrial recovery, and robust household consumption supported by tax relief. CPI inflation is expected to moderate to 4.2% in 2025-26, aided by easing food prices and stable core inflation.

On FEBRUARY 06, 2025, money market operations recorded ₹562738.64 crore at a WAR of 6.29%. RBI operations resulted in a net liquidity absorption of ₹69755.42 crore.

GLOBAL BROADCAST

The European Central Bank (ECB) estimates the neutral interest rate—the level that neither stimulates nor restricts economic growth—at 1.75% to 2.25%. This suggests that with the current deposit rate at 2.75%, at least two more rate cuts may be needed to reach the upper end of this range. However, the ECB downplays the significance of this estimate, emphasizing the high uncertainty in measuring the neutral rate and stating that it is not a precise policy guide. Despite this, investors anticipate three to four rate cuts this year due to weak economic growth and declining inflation pressures.

This divergence in monetary policy highlights the differing economic conditions, with the U.S. maintaining high rates due to strong growth while other major economies struggle. As a result, weaker currencies in Europe and elsewhere help mitigate trade tensions, reducing the intended impact of U.S. tariffs on foreign exporters.

SPREAD ANALYSIS

The India 10Years vs the United States 10Years Government Bond spread value is 220.36 bp, 0.11 bps lower than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1 Year bond spread is 2.64 bp.
5 Years vs 2 Years bond spread is 2.29 bp.
10 Years vs 2Years bond spread is 14.38 bp.

MARKET OUTLOOK

Today's G-sec auction experienced relatively lower demand. The market movement will be influenced by the budget released tomorrow and will behave accordingly, however the yield is projected to fluctuate between 6.70% and 6.75%.

INDIA YIELD CURVE

