DAILY REPORT
INDIAN DEBT MARKET
28TH February 2025

SOVEREIGN global

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	87.315	-0.01
BRENT OIL	73.31	-1.20
GOLD	2885.90	-1.18
INDIA10YR	6.7286	+0.29
US10YR	4.222	-0.63
NIFTY50	22124.70	-1.86
SENSEX	73198.10	-1.90

G-SEC/BONDS YIELDS

SECURITY	LTY(%)TODAY	LTY(%)PREV DAY
364DTB	6.5400	6.5350
G-SEC2028	6.6320	6.5774
G-SEC2033	6.8009	6.7709
G-SEC2037	6.9152	6.8832
G-SEC2053	7.1284	7.1090
SDL2027	6.7988	6.8064
SDL2033	7.1671	7.1699

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR	9.1765	102.6761
HDB FINANCIAL SERVICES LIMITED SR 192 8.1965 LOA 30MY25 FVRS1LAC	8.1315	100.0426
POWER FINANCE CORPORATION LIMITED SR 246A 7.42 BD 15AP28 FVRS1LAC	7.4514	99.9379
LIC HOUSING FINANCE LTD TR 452 7.645 NCD 21FB30 FVRS1LAC	7.6615	99.9800

AUCTION RESULT OF GOI DATED SECURITIES

SECURITY	MATURITY	CUTOFF YIELD	AMOUNT
06.79% GS 2031	2031	100.27/6.7376	10,000
06.92% GS 2039	2039	98.41/7.1079	12,000
07.09% GS 2054	2054	99.35/7.1168	10,000
TOTAL	32,000		

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.2500	6.2625	6.0000	6.0150	6.0000	6.0100

BOND MARKET

The 10-year benchmark recorded a close of 6.7286%, 2.0 bps higher than the close of the previous day's trading session. Yields traded in the range of 6.7030 to 6.7311 during the day.

DOMESTIC BROADCAST

The World Bank's new report states that India must sustain 7.8% average growth over the next 22 years to achieve high-income status by 2047. This requires higher investments, increased labor force participation, and faster productivity growth. Key policy areas include boosting investment, job creation, structural reforms, trade integration, and state-led growth.

On FEBRUARY 27, 2025, money market operations recorded ₹568518.08 crore at a WAR of 6.23%. RBI operations resulted in a net liquidity absorption of ₹181296.71 crore.

GLOBAL BROADCAST

French inflation fell to 0.9% in February, the lowest in four years, driven by a sharp decline in energy prices, while food prices edged up slightly and service price increases slowed.

Japan's industrial production fell 1.1% in January, while retail sales surged 3.9% YoY, reflecting strong consumer spending. The BOJ raised rates to 0.5%, its highest in 17 years, with potential further hikes as inflation stays above target.

U.S. jobless claims rose to 242K, exceeding forecasts of 222K and the prior 220K figure, signaling potential labor market weakness. This unexpected increase may impact Fed policy and weighs on the U.S. dollar.

Euro zone inflation slowed while growth remained weak, reinforcing expectations for further ECB rate cuts. Falling price pressures, especially in France and Germany, support the view that inflation is nearing the 2% target. However, economic stagnation persists amid trade uncertainties, prompting investors to anticipate multiple rate cuts beyond March.

Investor concerns over Trump's impending tariffs triggered a sell-off in risk assets, sending the Australian dollar lower and Bitcoin tumbling below $80,000. Cryptocurrencies faced record outflows, while markets awaited U.S. core PCE inflation data. The dollar gained as traders adjusted Fed rate cut expectations amid economic uncertainty.

SPREAD ANALYSIS

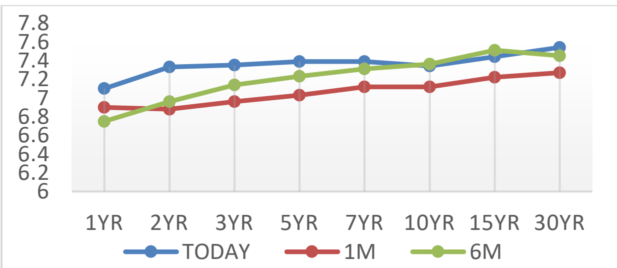
The India 10Years vs the United States 10Years Government Bond spread value is 250.66 bp, 6.00 bps higher than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1 Year bond spread is 3.62 bp.
5 Years vs 2 Years bond spread is 10.83 bp.
10 Years vs 2Years bond spread is 15.33 bp.

MARKET OUTLOOK

Today's G-sec auction experienced relatively strong demand. The Indian GDP data released today had a strong influence on the yield, pushing with the it upwards, with the current momentum, the yield is projected to fluctuate between 6.68% and 6.75%.

INDIA YIELD CURVE



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