


GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	CHANGE
USD/INR	86.955	+0.03
BRENT OIL	75.44	-0.18
GOLD	2849.75	+0.07
India 10Y	6.6732	-0.04
US 10YR	4.565	+0.11
NIFTY50	23739.25	+1.62
SENSEX	78583.31	+1.81

G-SEC/BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364DTB	6.3500	6.5000
G-SEC2028	6.5868	6.5959
G-SEC2033	6.7408	6.7351
G-SEC2037	6.8363	6.8269
G-SEC2053	7.0290	7.0307
SDL 2033	-	6.8318
SDL 2037	7.1025	7.0416

YIELD-BASED AUCTION OF STATE GOVERNMENT SECURITIES

Sr. No	State	Amount to be raised (₹ Crore)	Amount Accepted (₹ Crore)	Cut off Yield (%)	Tenure (Year)
1	Andhra Pradesh	1000	820.61	7.17	7
		1000	1000	7.07	9
		1000	1000	7.08	10
		1000	1000	7.11	13
		2000	2000	7.16	15
2	Assam	900	900	7.16	15
3	Bihar	1000	1000	7.12	12
		1000	1000	7.19	20
4	Gujrat	1200	1200	6.75	2
		1500	1500	7.07	9
5	Karnataka	1000	1000	7.11	10.5
6	Kerala	1000	1000	7.16	13
		2000	2000	7.18	25
7	Maharashtra	1500	1500	7.12	11
		1500	1500	7.13	12
		1000	1000	7.12	13
		1000	1000	7.14	14
8	Odisha	1000	1000	7.00	5
		1000	1000	7.11	12
9	Punjab	1000	1000	7.19	20
10	Tamil Nadu	2000	2000	7.18	30
11	Telangana	1000	1000	7.19	21
		1000	1000	7.18	22
		1000	1000	7.18	24
12	Uttarakhand	2000	2000	7.14	7
13	Uttar Pradesh	3000	3000	7.1401/100.17	14(R)

BOND MARKET

The 10-year benchmark recorded a close of 6.6732%, ending 2.00 bps lower compared to the previous day's trading session.

DOMESTIC BROADCAST

SBI economists anticipate a 0.25% RBI rate cut on Feb 7, with a total 0.75% reduction over the cycle. The pause by the US Fed provides room for policy easing, while fiscal stimulus from Budget 2025-26 supports growth. Liquidity remains tight, but RBI's injections may lead to a surplus by FY25-end. Global growth is expected at 3.2-3.3%, though trade war risks persist. Fiscal deficit financing is seen as manageable, with 75% through long-term instruments, and ongoing OMO purchases aiding liquidity.

Money Market Operations on February 03, 2025: ₹578019.82 crore in the overnight segment at a weighted average rate of 6.43%. Net liquidity absorption: ₹ 108486.71 crore.

GLOBAL BROADCAST

China retaliated against Trump's 10% tariffs on all Chinese imports with targeted tariffs on U.S. coal, LNG, crude oil, and electric trucks, along with export controls on key metals and an anti-monopoly probe into Google. While Beijing seeks negotiations, Trump hinted at further tariffs on China and the EU, fueling market volatility. The trade war's escalation could disrupt global supply chains, weaken economic growth, and prolong uncertainty in financial markets.

Canada's manufacturing growth slowed in January as looming U.S. tariffs fueled uncertainty, despite a temporary boost in export orders. The PMI fell to 51.6 from 52.2, with firms rushing orders ahead of potential trade barriers. Rising input costs, a stronger U.S. dollar, and concerns over a trade war with the U.S. add to inflation risks, prompting the Bank of Canada to cut rates by 25 bps to 3%.

. Bank of America reports that USD long positions remain near peak levels, reflecting investor confidence despite shifting market focus from U.S. economic strength to rising tariff risks and weak Eurozone data.

SPREAD ANALYSIS

The India 10 Years/United States 10 Years Government Bond spread value is 218.082 bps, 4.54 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 4.26 bp.
5 Years vs 2 Years bond spread is 3.8 bp.
10 Years vs 2 Years bond spread is 15.27 bp.

MARKET OUTLOOK

The market observed strong demand in the SDL auction. The 10-year benchmark yields ended lower than previous day. We expect the yield to fluctuate within the range of 6.75 and 6.85.

INDIA YIELD CURVE
