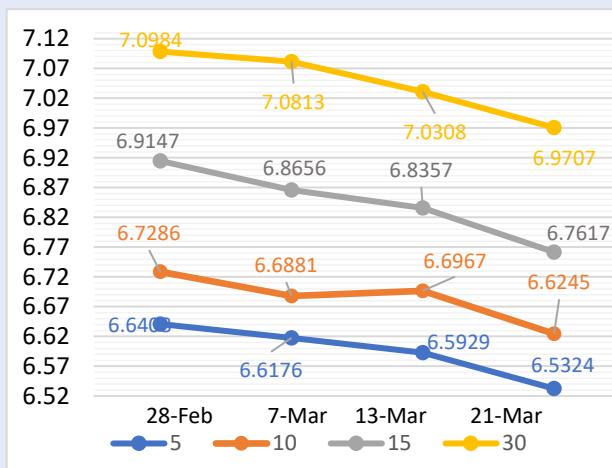
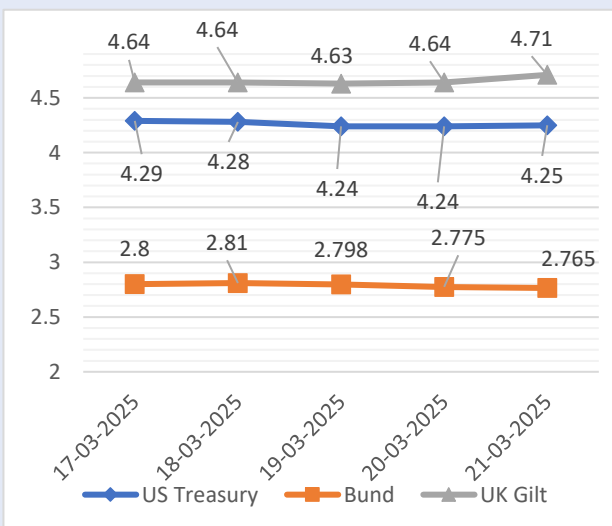


23RD MARCH 2025
MARKET OVERVIEW

| | 17 MAR | 18 MAR | 19 MAR | 20 MAR | 21 MAR |
|-----------|--------|--------|--------|--------|--------|
| USD/INR | 86.6 | 86.5 | 86.3 | 86.3 | 85.9 |
| OIL | 71.1 | 70.5 | 70.7 | 72.0 | 72.6 |
| GOLD | 3006 | 3040 | 3041 | 3042 | 3021 |
| India 10Y | 6.6896 | 6.6714 | 6.6601 | 6.6366 | 6.6245 |
| US 10 YR | 4.298 | 4.283 | 4.246 | 4.240 | 4.249 |
| NIFTY 50 | 22514 | 22845 | 22911 | 23165 | 23355 |
| SENSEX | 74187 | 75352 | 75447 | 76291 | 76955 |

INDIA BOND YIELD (%)

KEY 10-YR YIELDS (%)

Key headlines from the week:

The 10-year benchmark yield concluded the week at 6.6245 at 7.22 bps lower the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (7.22 bps below), 10Y UST (7 bps below), 10Y Bund (6 bps below), and 10Y UKT (4bps below).

Euro zone consumer confidence declined in March, falling 0.9 points to -14.5 from -13.6 in February, contrary to expectations of an improvement to -13.0. In the broader EU, sentiment dropped by 1.0 point to -13.9, according to the European Commission's flash estimate.

Japan's CPI inflation grew slightly above expectations in February, with core CPI rising 3.0% y-o-y, exceeding forecasts of 2.9%, while core inflation excluding fresh food and energy rose to 2.6%. Despite cooling from January's 4.0%, inflation remains sticky, driven by rising living costs and wage growth.

The Federal Reserve is expected to keep interest rates steady, with policymakers assessing the economic impact of Trump's trade tariffs, immigration restrictions, and layoffs. While inflation remains above 2% and unemployment rose slightly to 4.1%, business and consumer confidence have weakened, raising recession risks.

Canada's retail sales fell 0.6% in January to C\$69.4 billion, led by declines in auto (-2.6%) and food sales (-2.5%). Volume sales dropped 1.1%, the sharpest in two years. December's gains were driven by holiday spending and a tax break. Excluding autos, sales rose 0.2%. With U.S. tariffs looming, the Bank of Canada expects weaker consumer spending and GDP, as early data suggests a further 0.4% drop in February.

Liquidity Operation

| Date | VRR | MSF | SDF |
|-------|-------|-------|--------|
| Mar 3 | 29489 | 1179 | 85688 |
| Mar 4 | 15971 | 39 | 110470 |
| Mar 5 | 18186 | 587 | 79966 |
| Mar 6 | 59868 | 239 | 105973 |
| Mar 7 | - | 25559 | 58429 |
| Mar 8 | - | 15179 | 62983 |

MONEY MARKET SNAPSHOT

| Item | Week Ended | | |
|------------------------|--------------------|-------------------|--------------------|
| | MAR 15. 2024 | MAR 7. 2025 | MAR 14. 2025 |
| | 1 | 2 | 3 |
| Call Money | 50150 | 23805 | 23931 |
| Notice Money | 5672 | 942 | 8289 |
| Triparty Repo | 699427 | 623274 | 791467 |
| Market Repo | 702183 | 589494 | 706212 |
| Repo in Corporate Bond | 4853 | 6904 | 8987 |

Most Actively Traded Debt.

| Paper | Yield (%) | LTP |
|--|-----------|----------|
| NBARD SR 25D 7.40 BD 29AP30 FVRS1LAC | 7.4523 | 99.7457 |
| POWER FINANCE CORPORATION LIMITED SR 248A 7.75 NCD 15AP26 FVRS1LAC | 7.7676 | 100.0000 |
| SAMMAAN CAPITAL LIMITED 9.75 NCD 12AP28 FVRS1LAC | 9.9932 | 99.3400 |

Indian Market update:

Indian government bond yields are expected to remain stable, with the 10-year yield seen between 6.62%-6.65% after a recent decline. Positive sentiment is driven by expectations of an RBI rate cut in April, following a 25-bps cut in February. Yields have eased 6 bps this week due to strong state debt demand and RBI's bond purchases, totalling over ₹5.50 trillion since mid-January. The bullish outlook is further supported by the U.S. Fed maintaining its forecast for 50 bps rate cuts in 2025, with futures pricing in 67 bps of easing.

Indian government bond yields remained steady as investors awaited fresh triggers, with the 10-year yield at 6.6256%. Traders expect it to gradually decline to 6.60% by March-end and 6.55% in April, driven by a likely RBI rate cut, continued bond purchases, and a benign monetary policy outlook. The RBI, which cut rates in February, is set to decide policy on April 9. A strengthening rupee, strong state debt demand, and the U.S. Fed's commitment to two rate cuts this year further boosted sentiment. Foreign investors increased purchases, with investments in index-linked bonds surpassing ₹100 billion in March.

India's economy remains resilient amid global uncertainty, with strong agriculture, rising consumption, and robust macro fundamentals, per the RBI. CPI inflation hit a seven-month low of 3.6% in Feb 2025, while real GDP growth for 2023-24 surged to 9.2%, the highest in over a decade (excluding post-Covid rebound). Growth is driven by domestic demand, investment, and government infrastructure spending. The Kharif and Rabi seasons saw higher foodgrain production, while manufacturing and services expanded. Despite strong fundamentals, foreign portfolio outflows pressured equities and the currency.

In the SDL auction conducted on 18th March, 11 states raised an aggregate amount of ₹ 40,120 Cr.

Upcoming auction schedule:

- **25th March** – RBI announced the state auction, in which 18 states will be raising aggregating to 56,621 crores.
- **26th March** – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 14000, 12000, & 7000 crores respectively.

INR – DOLLAR EXCHANGE

| | 17 MAR | 18 MAR | 19 MAR | 20 MAR | 21 MAR |
|-------|-----------|-----------|-----------|-----------|-----------|
| OPEN | 86.9 | 86.6 | 86.5 | 86.3 | 86.3 |
| HIGH | 86.9 | 86.7 | 86.6 | 86.4 | 86.3 |
| LOW | 86.6 | 86.5 | 86.3 | 86.9 | 85.9 |
| CLOSE | 86.6 | 86.5 | 86.3 | 86.3 | 85.9 |

INTEREST RATES

| COUNTRY | CURRENT | PREVIOUS |
|-----------|---------|----------|
| INDIA | 6.25 | 6.5 |
| USA | 4.50 | 4.75 |
| UK | 4.5 | 4.75 |
| CHINA | 3.35 | 3.35 |
| EURO AREA | 2.65 | 2.9 |
| JAPAN | 0.50 | 0.25 |

WEEK AHEAD KEY EVENTS

| DATE | EVENTS |
|--------|--|
| 24-Mar | US S&P Global Flash PMI, Manufacturing & Services, Eurozone HCOB Flash PMI, Manufacturing & Services, India HSBC Flash PMI, Manufacturing & Services |
| 25-Mar | Japan BoJ Monetary Policy Meeting Minutes, United States New Home Sales, United States Richmond Fed Manufacturing Index |
| 26-Mar | United Kingdom Inflation, Australia Monthly CPI Indicator |
| 27-Mar | United States GDP, United States Wholesale Inventories, United States Pending Home Sales |
| 28-Mar | United States Core PCE Price Index, Eurozone Economic Sentiment, France Inflation, Germany Unemployment Rate |

Currency Movement:

After a 4% decline from Nov 2024 to Feb 2025, the Indian rupee has rebounded by 2%, with experts believing its worst depreciation phase is over. Supported by a seasonal current account improvement, a weaker USD index, and lower domestic inflation, the rupee is now seen as fairly valued. Analysts expect it to trade between 86.5-88 in the next six months, with a potential peak depreciation of 89 by year-end.

Brent crude's projected decline to \$60 per barrel and the RBI's forex interventions provide stability, though the central bank's large forward book remains a risk. Trade tariffs set to take effect in April could temporarily impact the rupee, but analysts believe India's external balances will remain strong enough to prevent excessive depreciation.

The Indian rupee surged to a near two-month high, reaching 86.2075 on Thursday, driven by dollar sales from foreign banks and seasonal inflows from corporate transactions. The 1.2% appreciation over seven sessions marked a reversal from mid-February's pressure caused by equity outflows and slowing domestic growth, with traders attributing the rally to the unwinding of long dollar/rupee positions in the market.

Key updates and week ahead:

Key U.S. economic data releases include the Fed's preferred inflation gauge, the core PCE index, alongside March flash PMI, which may offer fresher inflation insights amid new tariffs. Additional reports cover Q4 GDP, durable goods orders, home sales, and personal income and spending.

February UK inflation data is set for release, likely confirming persistent price pressures indicated by PMI data. Meanwhile, France and Spain will unveil preliminary March inflation figures, and Germany's sentiment indicators, including PMI Future Output, Ifo, and GfK surveys, will be closely watched amid tariff and debt concerns.

A relatively light week for APAC is expected with the Bank of Japan releasing their summary of opinions from their March meeting and meeting minutes from January's.