

# WEEKLY REPORT

## INDIAN DEBT MARKET

### 22ND February 2025

#### Key Headlines from the week:

- The 10-year benchmark yield concluded the week at 6.7065, at 0.06 bps below the previous week's closing figure.
- The weekly movement in spreads include 10Y Indian Treasuries (0.06 bps below), 10Y UST (0.09 bps above), 10Y Bund (3.95 bps above), and 10Y UKT (7.25 bps above)
- Japan's Q4 GDP grew 0.7% QoQ, surpassing forecasts, driven mainly by net exports due to a drop in imports. Despite a 1.2% annual growth rate, analysts expect a slowdown as real household incomes may decline, potentially dampening consumption.

## **Key Headlines from the week:**

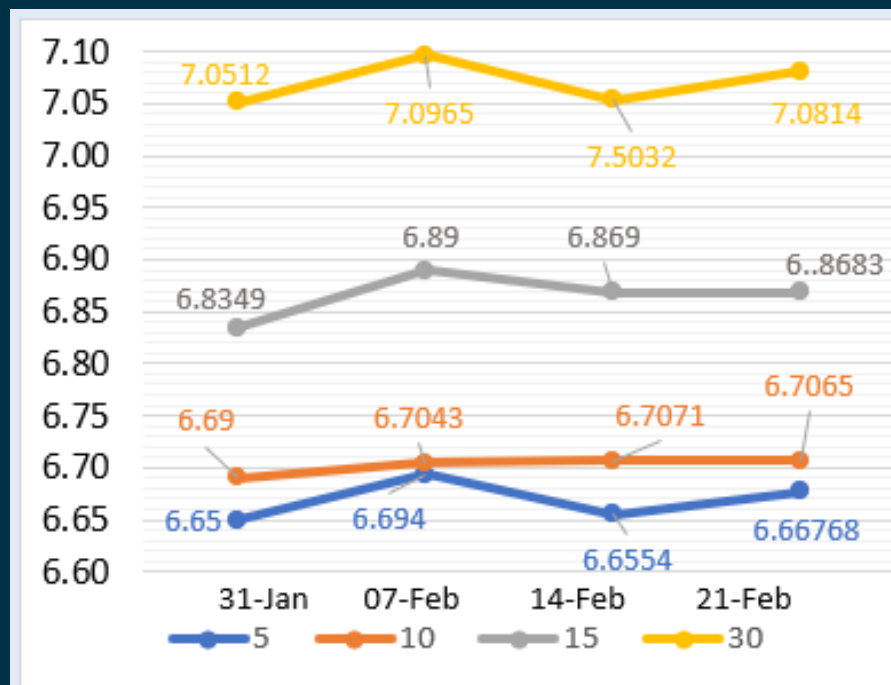
---

- The RBA cut rates to 4.10%, citing progress on inflation and weak economic growth, but remains cautious on further easing as inflation is still above target and labor market strength could keep it elevated.
- UK productivity rose 0.7% in Q4 2024, partially recovering from a 1.1% drop in Q3, but remained 0.8% lower year-on-year, with data uncertainty due to labor market survey issues.
- Euro zone business activity stagnated in February as weak demand and a manufacturing slump offset modest service sector growth. The HCOB composite PMI held at 50.2, with Germany improving slightly while France declined. Demand fell for a ninth month, services PMI dropped to 50.7, and manufacturing edged up to 47.3.
- The UK posted a £15.4bn public finance surplus in January, the highest since 1993 but below the £20bn forecast, posing a challenge for Chancellor Rachel Reeves. Lower-than-expected income and capital gains tax revenue contributed to the shortfall. Cumulative borrowing for the year hit £118.2bn, exceeding forecasts due to revised debt interest and tax revenue figures

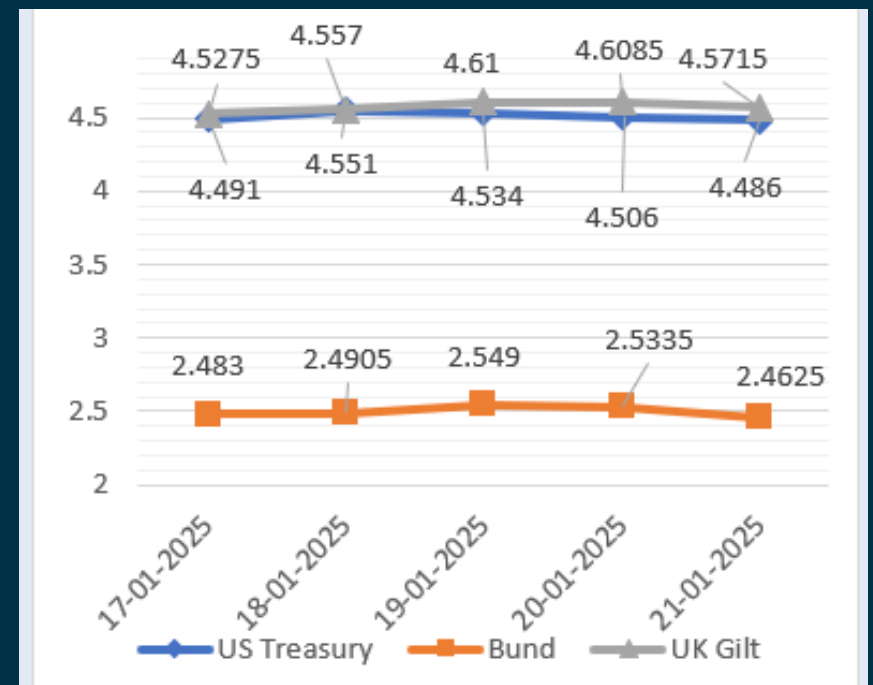
# MARKET OVERVIEW

	17 FEB	18 FEB	19 FEB	20 FEB	21 FEB
USD/INR	86.81	86.86	86.89	86.56	86.57
OIL	75.22	75.84	76.04	76.48	75.78
GOLD	2900	2949	2936	2956	2947
India 10Y	6.6930	6.6859	-	6.7043	6.7065
US 10 YR	4.491	4.551	4.534	4.506	4.486
NIFTY 50	22966	22922	22917	22906	22736
SENSEX	76007	75901	75873	75716	75247

## INDIA BOND YIELD (%)



## KEY 10-YR YIELDS (%)



## Indian Debt Market update:

- India's merchandise trade deficit stood at \$22.99 billion in January, with exports at \$36.43 billion and imports at \$59.42 billion, driven by electronics, pharmaceuticals, and rice. Following PM Modi's U.S. visit, India pledged to increase purchases of U.S. industrial goods, while trade negotiations aim to reduce tariffs on both sides.
- The RBI's aggressive FX intervention to support the rupee has significantly drained banking system liquidity, prompting a record ₹2.5 trillion infusion via an overnight repo to ease tight conditions and ensure effective rate cut transmission.
- India's GDP is projected to grow at 6.6% in Q3 FY25, slower than 8.6% in Q3 FY24, but remains strong due to higher government capex (47.7% growth), robust agriculture (4.5% growth), and resilient services (6.9% growth), despite moderating industrial and manufacturing growth and global economic risks.
- TFinance Minister Nirmala Sitharaman emphasized the government's responsible fiscal approach, highlighting that borrowings are directed toward capital asset building, with capital expenditure increasing by 10.2% to nearly ₹16 lakh crore in Budget 2025-26. The Budget maintains a fiscal deficit target below 4.5% of GDP, offers tax concessions benefiting middle-income taxpayers, and prioritizes employment-led growth through investments in infrastructure, rural development, MSMEs, and exports, while continuing fiscal consolidation.

## Upcoming auction schedule:

### **25th February**

RBI announced the state auction, in which 16 states will be raising aggregating to 38,054 crores

### **27th February**

RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 14000, 12000, & 7000 crores respectively.

## **LIQUIDITY OPERATION**

Date	VRR	MSF	SDF
<b>Feb 10</b>	201310	4125	67439
<b>Feb 11</b>	200036	3948	71434
<b>Feb 12</b>	193865	2561	48110
<b>Feb 13</b>	235619	1988	54539
<b>Feb 14</b>	25019	641	71090
<b>Feb 15</b>	-	422	101167

# MONEY MARKET SNAPSHOT

Item	Week Ended		
	FEB 16. 2024	FEB 07. 2025	FEB. 14, 2025
	1	2	3
Call Money	17244	23493	22880
Notice Money	5679	968	6963
Triparty Repo	694577	645390	788692
Market Repo	632042	568944	658189
Repo in Corporate Bond	2527	8450	7343

# MOST ACTIVELY TRADED DEBT

Paper	Yield (%)	LTP
SAMMAAN CAPITAL LIMITED 9.75 NCD 12AP28 FVRS1LAC	9.8922	99.4000
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR	7.4990	100.0573
TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED SR	9.1707	101.9098
INDIAN RAILWAY FINANCE CORPORATION LIMITED SR 187 7.28 BD 14FB40 FVRS1LAC	7.2321	100.04

## Currency Movement:

- India is poised to become a high-income nation with a projected GDP of \$23–\$35 trillion by 2047, driven by 8-10% annual growth, demographic expansion, and technological advancements. Key sectors—electronics, energy, chemicals, automotive, and services—will propel this transformation, with AI, digital infrastructure, and renewable energy playing crucial roles. Strategic investments in R&D, manufacturing, and green energy could boost exports, increase India's share in the global value chain, and position the country as a leader in future technologies and global trade.
- India's economy is gaining momentum in H2 FY25, supported by strong rural demand, rising industrial activity, and stable private sector investment. The Union Budget 2025-26 balances fiscal consolidation with growth, focusing on Capex and household consumption. Retail inflation eased to 4.3% in January, aided by lower vegetable prices.
- External risks, including trade policy uncertainties and geopolitical tensions, have pressured Indian equity markets and the rupee. However, strong macroeconomic fundamentals and improved external sector resilience help India navigate global volatility.

	17 Feb	18 Feb	19 Feb	20 Feb	21 Feb
OPEN	86.6	86.8	86.	86.9	86.5
HIGH	86.9	86.9	86.9	86.9	86.7
LOW	86.6	86.8	86.8	86.5	86.4
CLOSE	86.8	86.8	86.8	86.5	86.5

## 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	2.9	3.15
JAPAN	0.50	0.25



## **Key updates and week ahead:**

- ▶ Key US data this week includes a Q4 GDP revision (expected slightly lower at 2.3%), durable goods orders, and core PCE inflation, which may signal rising price pressures. Consumer confidence, home sales, and personal income/spending data are also in focus. In Canada, Q4 GDP is due Friday, reflecting a weaker end to 2024, while Brazil will also release its Q4 GDP the same day.
- ▶ Key eurozone data this week includes final January inflation and preliminary February figures from major economies. Germany and France will also release Q4 GDP updates, along with other EMEA economies. Sentiment indicators from the eurozone and Germany will be closely watched, following weaker business optimism in the latest PMI data.
- ▶ South Korea and Thailand central banks meet this week, with a 25bps rate cut expected from the Bank of Korea. Australia's CPI data is due, with PMI indicators suggesting softer price rises. India's Q4 GDP will be released, following strong February PMI-driven growth, led by the service sector.

## WEEK AHEAD KEY EVENTS

DATE	EVENTS
24-Feb	United States Dallas Fed Manufacturing Index, Eurozone Inflation
25-Feb	Germany GDP, United States CB Consumer Confidence, South Korea BoK Interest Rate Decision
26-Feb	Australia Monthly CPI Indicator, United States New Home Sales, Thailand BoT Interest Rate Decision
27-Feb	Eurozone Economic Sentiment, United States GDP, United States Durable Goods Orders, United States Pending Home Sales, Spain Inflation
28-Feb	India GDP, Japan Retail Sales, United States Wholesale Inventories, Germany Unemployment Rate, Canada GDP