marketbuzz

RBL BANK
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April 2025

CONTENT

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View from the Top

On the global, U.S. equity markets fell due to concerns over the U.S. President's trade policies, specifically the 25% tariffs on auto imports. Market sentiment was further impacted by significant weakness in the technology sector. Negative sentiment was also elicited in response to a report from payroll processor ADP, which indicated that private sector job growth in Feb 2025 was significantly lower than anticipated. European equity markets fell following the U.S. President's announcement of a 25% tariff on cars and car parts imported into the U.S. Furthermore, the market declined on concerns about global economic growth following the tariff announcement, coupled with not-so-encouraging U.S. economic data, including a reading on the core PCE price index. However, losses were limited after Germany's governmental body approved a crucial fiscal package, with 513 votes in favour and 207 against. Data showing a sharp improvement in Germany's investor confidence also contributed to the positive sentiment in European markets. Asian equity markets mostly rose after the U.S. Federal Reserve issued a dovish policy outlook. Additionally, the market gained after data showed U.S. retail sales rebounded marginally in Feb 2025, helping ease recession concerns. Gains were extended after the U.S. Senate announced plans to vote on a funding bill to finance the government through Sep 2025, easing worries about a potential federal government shutdown. However, gains were restricted following the U.S. President's 25% tariffs on auto imports.

Back home, domestic equity markets rallied amid a broad-based buying across the sectors following better-than-expected retail sales data in the U.S. and China for Feb 2025. Gains were extended after the U.S. Federal Reserve, in its Mar 2025 monetary policy meeting, maintained the interest rate and signaled the possibility of two rate cuts by the end of the year, given the increased uncertainty around the economic outlook. Gains were further bolstered by the inflow of foreign capital into the domestic equity markets and the strengthening of the rupee.

In the domestic debt market, bond yields fell as the RBI's latest liquidity measures to purchase government securities through Open Market Operations boosted sentiment. Gains were extended following a lower-than-expected domestic inflation print for Feb 2025. Yields fell further following the U.S. Federal Reserve's decision to maintain current interest rates in its Mar 2025 monetary policy meeting and signaled the possibility of two quarter-point rate reductions later this year.

Outlook

Going forward, domestic equity markets will closely watch the fourth quarter results of FY25, with tariff implementations potentially influencing market movements. Consumption recovery is expected to broaden, driven by income tax cuts boosting urban demand and a positive trend in rural consumption. Public and household capital expenditures are anticipated to drive growth, while private corporate capex gradually recovers. Foreign investor activity will be crucial, as FIIs returned in Mar 2025 and could continue to support the rally if the trend persists. The RBI's monetary policy meeting will be significant, with hopes that controlled inflation and steady growth might lead the central bank to adopt a more dovish stance or even hint at a rate cut, benefiting rate-sensitive sectors like autos, housing, and NBFCs.

The prospects for the Indian debt market appear favorable, driven by expectations that the RBI will lower interest rates on Apr 9, 2025, with the overnight index swap market anticipating more aggressive easing than before. With inflation under control and economic growth becoming a key focus, the rate cut cycle is expected to be deeper than initially thought. The RBI is expected to maintain an accommodative stance, including continued liquidity infusion to support credit growth and anticipated rate cuts, which is likely to spur further buying in government bonds. Additionally, foreign capital inflows and the appreciation of the domestic currency could further strengthen the domestic debt market.

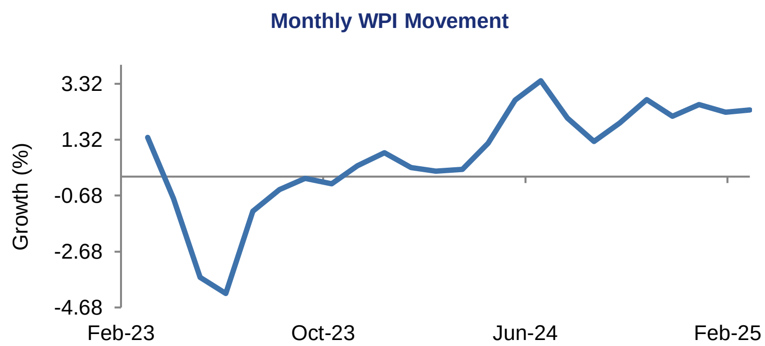
We are pleased to bring to you the latest version of the Monthly Market Buzz for March. Happy Reading!!!

Deepak Gaddhyan
Head – Retail Liabilities & Wealth Management

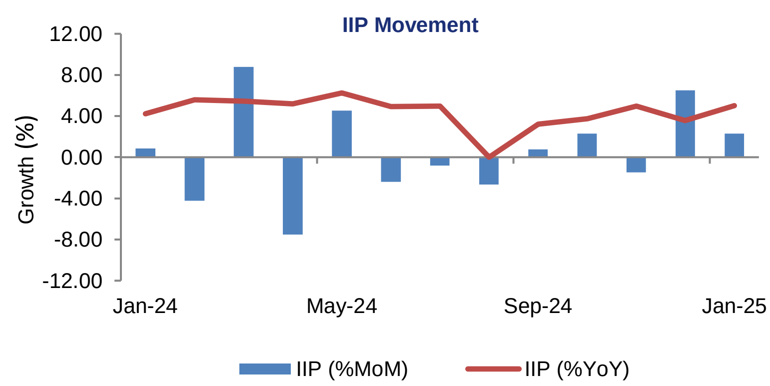
INDIAN ECONOMY

Economic Releases in March-2025			
Key Indicator	**Period**	**Actual**	**Previous**
Repo Rate	Mar-25	6.25%	6.25%
Reverse Repo	Mar-25	3.35%	3.35%
CRR	Mar-25	4.00%	4.00%
Index of Industrial Production (IIP)	Jan-25	5.00%	3.50%
Wholesale Price Index Inflation(WPI)	Feb-25	2.38%	2.31%
Export (Y-o-Y)	Feb-25	-10.85%	-12.00%
Import (Y-o-Y)	Feb-25	-15.22%	-1.15%

Source: RBI, Refinitiv



Source: Office of the Economic Adviser, Ministry of Commerce & Industry



Source: Reuters

- The consumer price index-based inflation eased to a seven-month low of 3.61% YoY in Feb 2025 compared to 4.26% in Jan 2025, led by lower food prices. Consumer food price inflation decreased to 3.75% YoY in Feb 2025 from 5.97% in Jan 2025.

- Index of Industrial production (IIP) rose 5.0% YoY in Jan 2025, as compared to 3.5% rise in Dec 2024. Production in mining, manufacturing and electricity witnessed a growth of 4.4%, 5.5% and 2.4%, respectively, in Jan 2025.

- India's wholesale price index (WPI) based inflation rose to 8-month high to 2.38% YoY in Feb 2025 as compared to 2.31% in Jan 2025. Positive rate of inflation in Feb 2025 is primarily due to increase in prices of manufacture of food products, food articles, other manufacturing, non-food articles and manufacture of textiles etc.

- India's current account deficit (CAD) increased to US$ 11.5 billion (1.1% of GDP) in Q3 FY25 from US$ 10.4 billion (1.1% of GDP) in Q3 FY24 but moderated from US$ 16.7 billion (1.8% of GDP) in Q2 FY25.

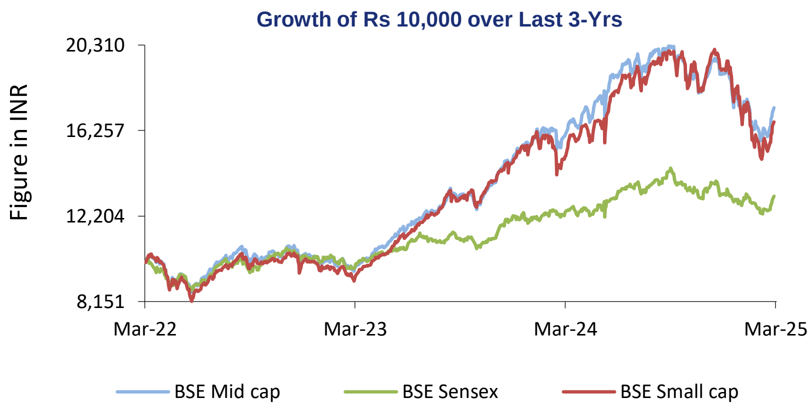
- Government data showed that India's fiscal deficit for the period from Apr to Feb of FY25 stood at Rs. 13.47 lakh crore or 85.8% of the Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 86.5% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at Rs. 38.93 lakh crore or 82.5% of the BE as compared to 83.4% of the BE in the corresponding period of the previous fiscal year.

- According to the latest circular published by the SEBI, the capital market regulator has directed Asset Management Companies to enable investors to store their most recent or last available Consolidated Account Statement (CAS) of mutual fund holdings, transaction statements of mutual fund units from the past 30 days, and demat account details in DigiLocker, the Government of India's digital document wallet. This regulation aims to minimize unclaimed mutual fund assets resulting from the death of investors. DigiLocker will offer a nomination facility, allowing nominees to access all the investor's digital information posthumously.

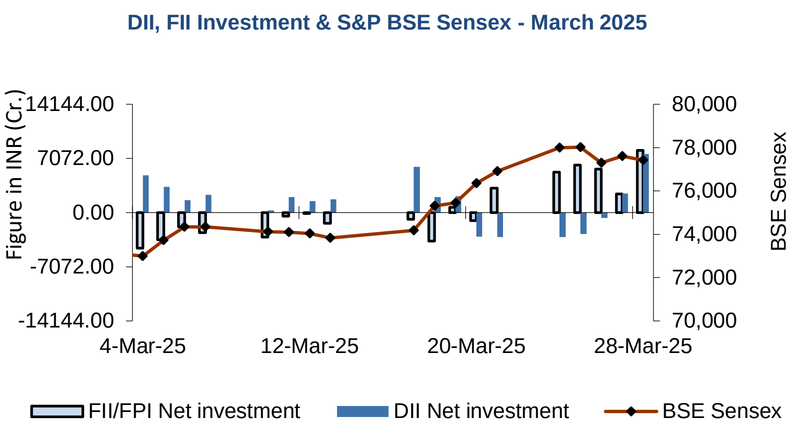
- The RBI and the Bank of Mauritius have entered into a Memorandum of Understanding to encourage the utilization of the Indian Rupee and the Mauritian Rupee for international transactions. This agreement is designed to support exporters and importers by enabling invoicing and payments in their respective domestic currencies, thereby promoting bilateral trade and strengthening economic relations between India and Mauritius.

- The Union Cabinet has sanctioned a Rs. 1,500 crore incentive program to encourage UPI transactions below Rs. 2,000 for small merchants, for the period from Apr 1, 2024 to Mar 31, 2025. Small merchants will benefit from a 0.15% incentive per transaction, with no Merchant Discount Rate applied. This initiative is designed to bolster local businesses and enhance digital payment adoption nationwide.

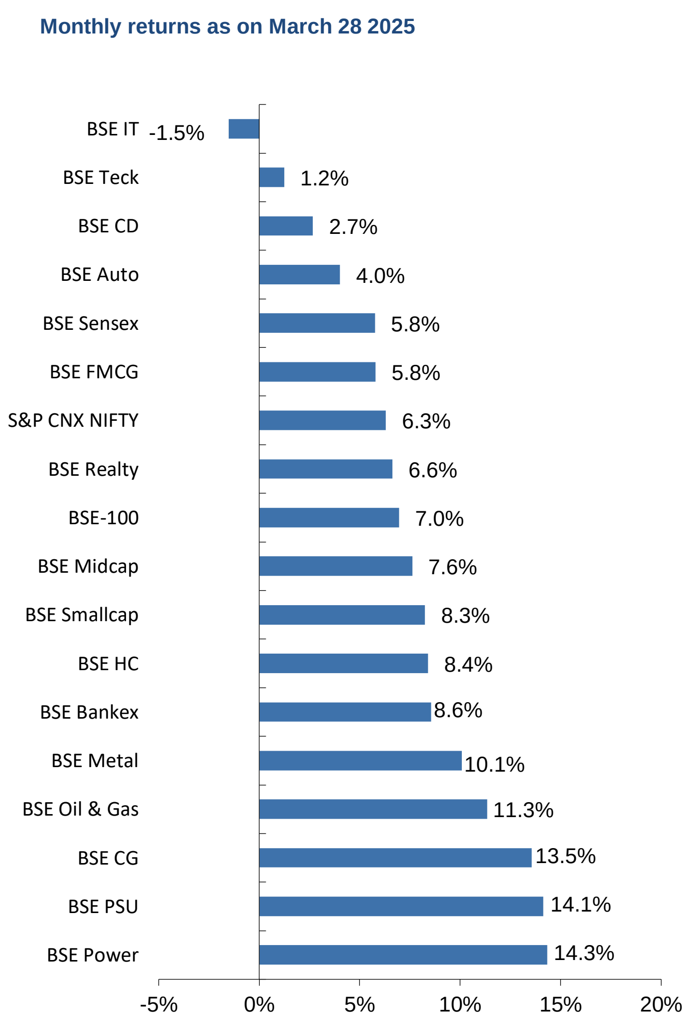
Indian Equity Market



Source : MFI 360 Explorer



Source: MFI 360 Explorer

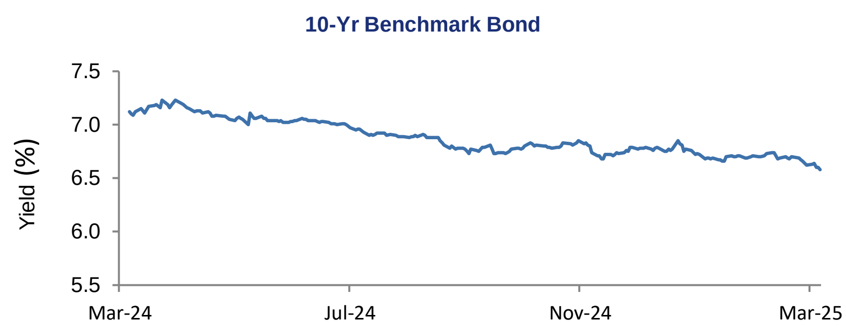


Source: MFI 360 Explorer

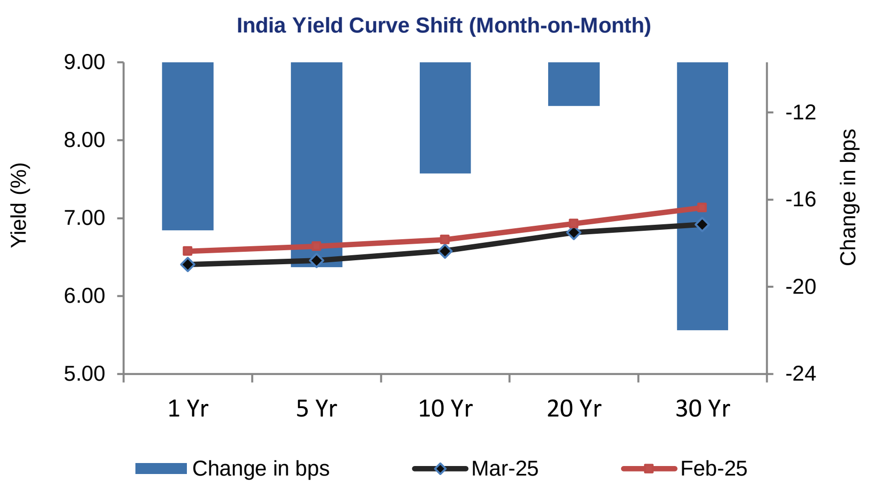
- Domestic equity markets rose after reports emerged that the U.S. President will "probably" announce a deal to reduce tariffs on Canada and Mexico. Sentiment was boosted after the U.S. administration has announced a one-month delay on tariffs affecting cars entering the U.S. from Canada and Mexico, raising hopes for negotiations.
- Gains were extended following the domestic services PMI data that expanded at an accelerated pace in Feb 2025.
- Sentiment was bolstered by a declining dollar and a positive outlook on China's economy, driven by recent economic stimulus measures aimed at increasing consumption.
- Market rose further after the U.S. Federal Reserve, in its Mar 2025 monetary policy meeting, maintained the interest rate and signaled the possibility of two rate cuts by the end of the year, given the increased uncertainty around the economic outlook.
- Gains were further bolstered by the inflow of foreign capital into the domestic equity markets towards end of the month and the strengthening of the rupee.
- However, the gains were curtailed as the U.S. President's stringent tariffs intensified fears of an escalating global trade war. The U.S. President announced a 25% tariff on imported vehicles, effective from Apr 3, 2025.

Indian Fixed Income

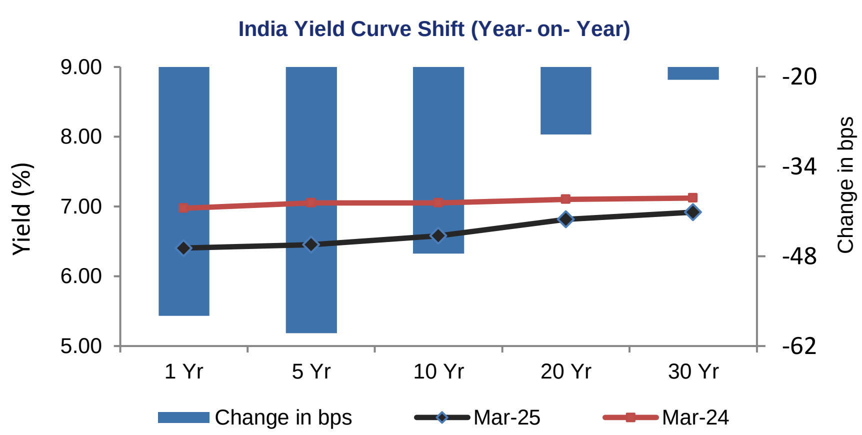
Indicators (Yield %)	March 28, 2025	February 28, 2025
Call Rate	7.12%	6.31%
FBIL 1 Mn Term Mibor	7.20%	7.00%
10-Yr benchmark bond	6.58%	6.72%
Reverse Repo	3.35%	3.35%
Repo	6.25%	6.25%
Bank Rate	6.50%	6.50%
CRR	4.00%	4.00%
Source: Refinitiv		



Source: CCIL



Source: Refinitiv



Source: Refinitiv

- Bond yields fell as the RBI's latest liquidity measures to purchase government securities through Open Market Operations boosted sentiment. Gains were extended following a lower-than-expected domestic inflation print for Feb 2025. Yields fell further following the U.S. Federal Reserve's decision to maintain current interest rates in its Mar 2025 monetary policy meeting and signaled the possibility of two quarter-point rate reductions later this year. Additionally, demand for domestic bonds was increased, as concerns over rupee depreciation have diminished.

- Yield on the 10-year benchmark paper (6.79% GS 2034) fell by 14 bps to close at 6.58%, compared with the previous month's close of 6.72%.

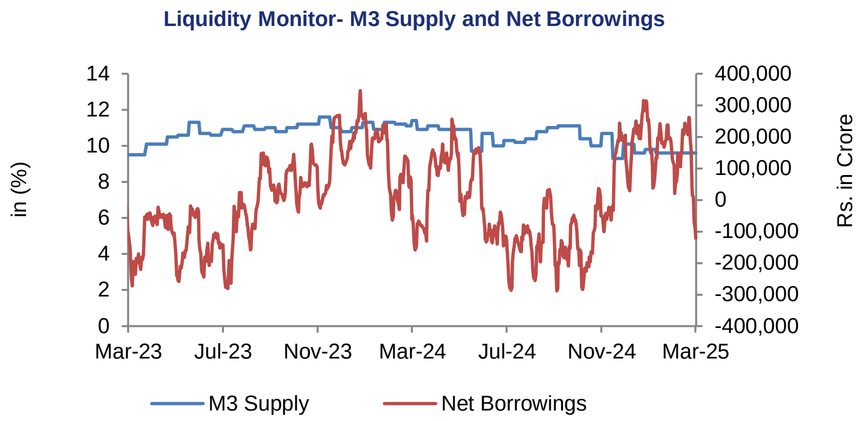
- Bond yields fell as the RBI's latest liquidity measures to purchase government securities through Open Market Operations boosted sentiment. Gains were extended following a lower-than-expected domestic inflation print for Feb 2025.

- However, gains were limited due to concerns over the inflationary effects of escalating trade tensions, which overshadowed the optimism stemming from the slower-than-expected U.S. retail inflation data for Feb 2025.

- Meanwhile, yields fell following the U.S. Federal Reserve's decision to maintain current interest rates in its Mar 2025 monetary policy meeting and signaled the possibility of two quarter-point rate reductions later this year.

- Gains were extended due to increased demand for domestic bonds, as concerns over rupee depreciation have diminished.

- Furthermore, the sentiment remained buoyant as expectations for another rate cut by the RBI in Apr 2025 continued to rise.



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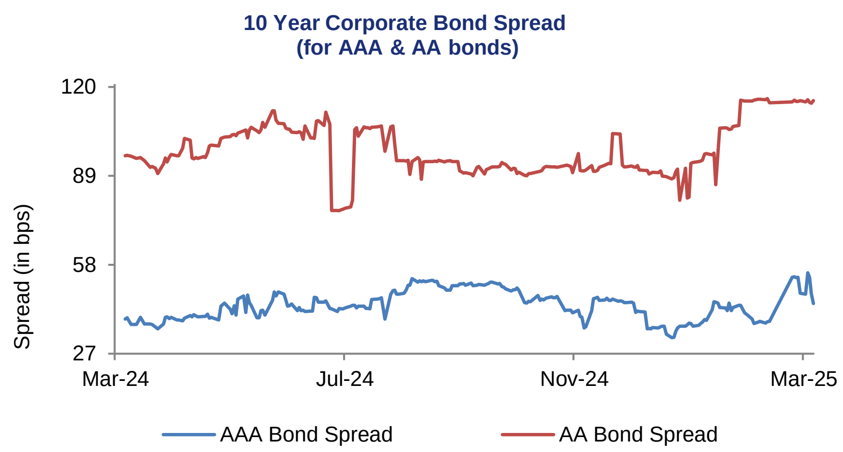

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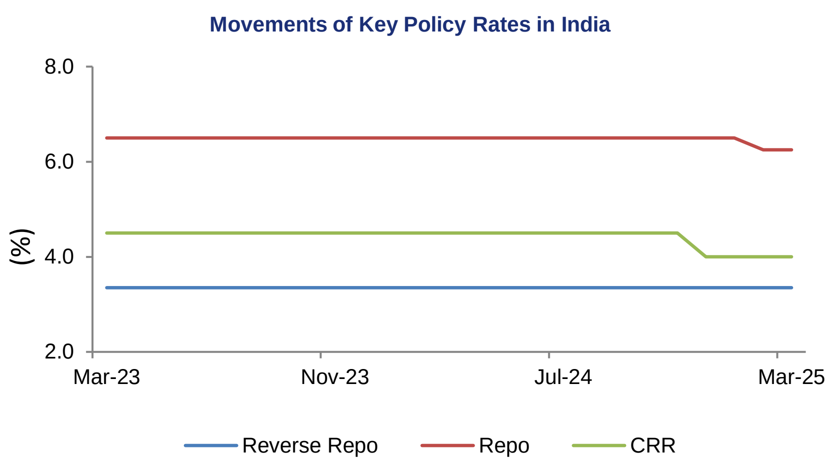
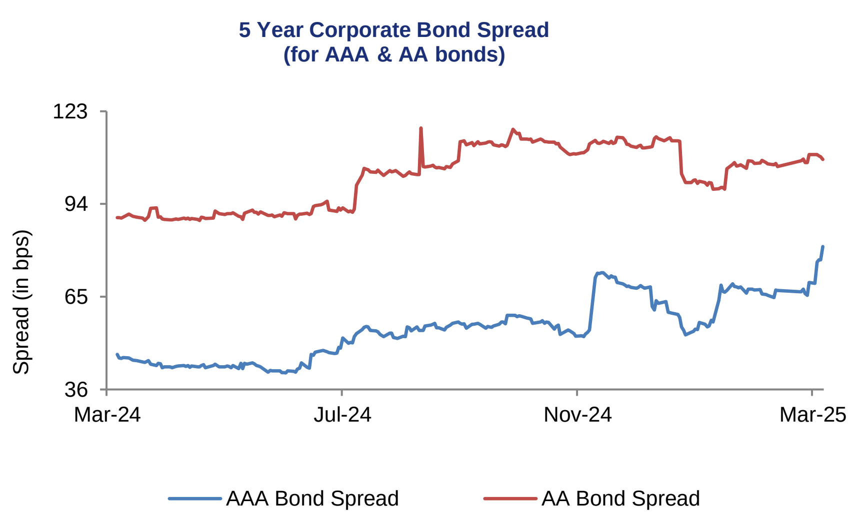


Source: RBI



Source: Refinitiv

- The central bank of India conducted auctions of 91-, 182- and 364-days Treasury Bills for a notified amount of Rs. 1,32,000 crore in Mar 2025, compared to Rs. 1,22,000 crore in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 6.50%, 6.59% and 6.54%, respectively, during the month under review compared with the average yield 6.45%, 6.58% and 6.55% respectively in the previous month.

- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 2,26,797 crore (for which amount of Rs. 2,24,897 crore was accepted), which is much higher than the scheduled amount of Rs. 1,74,835 crore during Mar 2025. The average cut-off yield of 10-year SDL remained the same at 7.15% during Mar 2025 compared to the previous month.

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on March 31,2025)		
Indices	**Country**	**1 Mth (%)**
United States		
Nasdaq 100	U.S.	-7.69
Nasdaq Composite	U.S.	-8.21
Asia Pacific		
SET Composite Index	Thailand	-3.79
Jakarta Composite	Indonesia	3.83
Straits Times Index	Singapore	1.97
KOSPI Index	South Korea	-2.04
Nikkei Stock Average 225	Japan	-0.09
Taiwan SE Weighted Index	Taiwan	-10.23
Shanghai Composite Index	China	0.45
BSE Sensex	India	5.76
S&P/ASX 200	Australia	-4.03
Europe		
FTSE 100	U.K.	-2.58
CAC 40	France	-3.96
DAX Index	Germany	-1.72
Source: MFI 360 Explorer & Refinitiv		

United States

- U.S. equity markets fell due to concerns over the U.S. President's trade policies, specifically the 25% tariffs on auto imports. Market sentiment was further impacted by significant weakness in the technology sector. Negative sentiment was also elicited in response to a report from payroll processor ADP, which indicated that private sector job growth in Feb 2025 was significantly lower than anticipated.

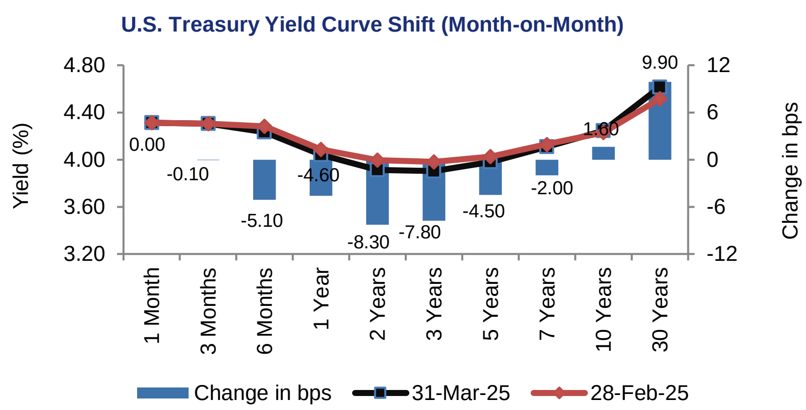
Europe

- European equity markets fell following the U.S. President's announcement of a 25% tariff on cars and car parts imported into the U.S. Furthermore, the market declined on concerns about global economic growth following the tariff announcement, coupled with not-so-encouraging U.S. economic data, including a reading on the core PCE price index.

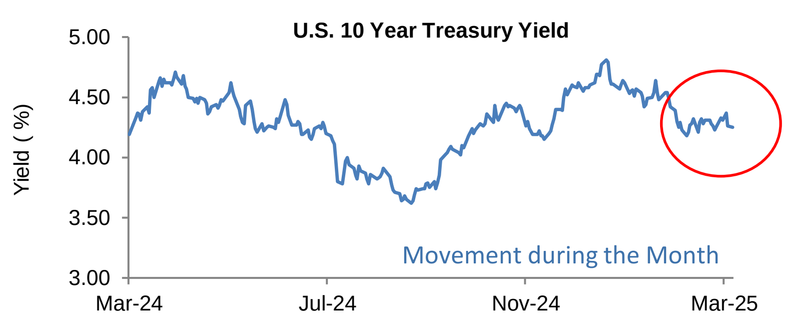
Asia

- Asian equity markets mostly rose after the U.S. Federal Reserve issued a dovish policy outlook. Additionally, the market gained after data showed U.S. retail sales rebounded marginally in Feb 2025, helping ease recession concerns. However, gains were restricted following the U.S. President's 25% tariffs on auto imports.

GLOBAL FIXED INCOME - U.S. TREASURY



Source: Refinitiv



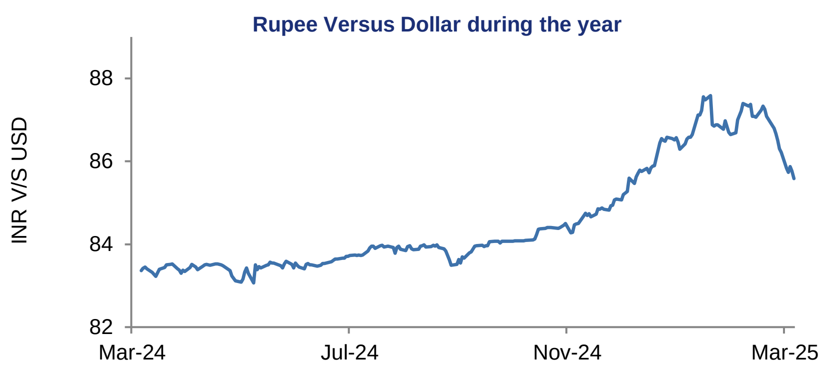
Source: Refinitiv

- Yields on the 10-year U.S. Treasury rose by 2 bps to close at 4.25% from the previous month's close of 4.23%.
- U.S. Treasury prices fell after comments from the U.S. Federal Reserve Chair indicated the central bank could be patient in determining when to cut interest rates.
- However, losses were restricted after U.S. Federal Reserve policymakers indicated on Mar 19, 2025, that they still anticipate reducing borrowing costs by half a percentage point by the end of this year.
- Gains increased as investors assessed the likely negative impact on growth from the U.S. President's tariffs, alongside inflation persistently stuck above the U.S. Federal Reserve's goals.

CURRENCY

Movement of Major Currencies (as on March 31, 2025)				
Currency	**Value (as on 31-Mar-2025)**	**1 Mth**	**3 Mth**	**1 Yr**
U.S. Dollar	85.58	87.40	85.62	83.37
Pound Sterling	110.74	109.98	107.46	105.29
Euro	92.32	90.78	89.09	90.22
Yen (Per Rs.100)	57.00	58.00	55.00	55.00

Source: RBI

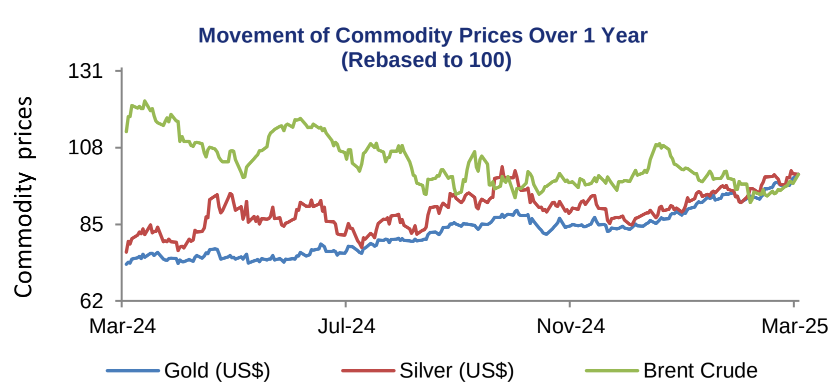


Source: RBI

COMMODITIES

Performance of Various Commodities					
Commodities	**Last Closing (31-Mar-25)**	**Returns (in %)**			
		1 Wk	**1 Mth**	**6 Mth**	**1 Yr**
Crude Brent ($/Barrel)	77.16	3.74	3.09	5.71	-9.78
Gold ($/Oz)	3123.05	3.68	9.25	18.54	39.90
Gold (Rs/10 gm)	88691.00	1.42	4.60	18.17	32.40
Silver ($/Oz)	34.07	3.26	9.37	9.37	36.42
Silver (Rs/Kg)	100693.00	3.58	7.94	12.46	36.02

Source: Refinitiv



Source: Refinitiv

INR

- The rupee rose against the U.S. dollar due to a rise in domestic equity markets. Gains were further extended due to U.S. tariffs and inflation concerns. Additionally, the rupee appreciated significantly, supported by robust foreign fund inflows into the domestic equity market. Furthermore, the rupee strengthened due to weakness in greenback demand.

EURO

- The euro rose against the U.S. dollar after German parties agreed on a fiscal deal that could boost defense spending and revive growth in Europe's largest economy. Furthermore, the euro strengthened after data showed the labor market in the world's largest economy slowed in Feb 2025, creating fewer jobs than expected. However, gains were restricted following the U.S. President's announcement to impose a 25% tariff on imported cars and light trucks. Additionally, the euro declined as the U.S. Federal Reserve signaled no rush to cut rates.

Crude

- Brent crude oil prices rose following an announcement by the U.S. President regarding his intention to impose a 25% tariff on countries purchasing crude oil and gas from Venezuela. Additionally, prices increased due to fresh U.S. sanctions on Iran and the latest output plan from the OPEC+ producer group, which raised expectations of tighter supply. Furthermore, prices rose after recent data showed a notable drop in crude inventories in the U.S. However, gains were restricted amid concerns over a global trade war and its potential impact on economic growth and fuel demand. Additionally, prices fell amid growth concerns and expectations of excess supply in the market.

Gold

- Gold prices rose as tariff worries and signs of rising geopolitical tensions boosted bullion's safe-haven appeal. Gains were extended further as concerns regarding tariffs persisted. Additionally, prices increased as investors turned to the safe-haven asset amid rising concerns about economic growth due to the U.S. President's tariffs. Furthermore, prices rose as the U.S. dollar index slipped on fears of a potential U.S. recession. Additionally, prices increased following the release of U.S. job report data indicating that job growth in Feb 2025 was lower than anticipated.

RBL BANK
apno ka bank

Contact Details

Registered Office
RBL Bank Limited
1st Lane, Shahupuri, Kolhapur - 416001. Maharashtra State.
Ph. : 0231 2656831/2653006

Corporate Office
RBL Bank Limited
One India Bulls Center, Tower 2, 6th Floor, 841, Senapati Bapat Marg,
Lower Parel, Mumbai 400013
Ph. : 022 43020600

All information mentioned in this document pertains to the month ended March 31, 2025.