



# marketbuzz

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On the global, U.S. equity markets mostly fell as a decline on Wall Street followed the release of a report by the University of Michigan, which indicated that consumer sentiment in the U.S. had worsened significantly more than earlier projections for Feb 2025. Market sentiment was further hit following the announcement by the U.S. President that the previously suspended 25% tariffs on imports from Mexico and Canada, as well as the 10% tariff on imports from China, will be implemented on Mar 04, 2025. European equity markets rose as investors reacted to robust earnings reports and a slight alleviation of geopolitical tensions after Ukraine and the U.S. reached an agreement on a minerals deal. Additionally, the market rose following the U.S. President's decision to pause tariffs on Canada and Mexico for a month. Asian equity markets closed on a mixed note. The market rose as the U.S. President announced a delay in implementing reciprocal tariffs until Apr 2025. However, gains were restricted due to the minutes of the U.S. Federal Reserve's Jan 2024 policy meeting revealing concerns over inflation risks, and the U.S. President's harsh criticism of the Ukrainian President heightened tensions in the ongoing conflict.

Back home, domestic equity markets fell amid heightened trade tensions around the globe after the U.S. President said that he intended to impose 25% tariffs on autos, pharmaceuticals, and chips, aiming to boost the U.S. manufacturing and competitiveness. Sentiment was dampened by the U.S. Fed's statement that it is "not in a hurry to lower interest rates" and intends to "pause rate cuts to assess further progress in inflation". A rate cut of 25 bps by the RBI in its monetary policy meeting of Feb 2025 failed to lift market mood as the central bank's monetary policy lacked additional liquidity-easing measures. Persistent sell-off by the foreign institutional investors in domestic equity markets, further widened the losses.

In the domestic debt market, bond yields fell initially amid expectations of an interest rate cut at the RBI's Feb 2025 monetary policy meeting. However, yields rose later as market participants were disappointed that the RBI's first rate cut in nearly five years by 25 bps was not accompanied with any additional steps to boost banking system liquidity. Losses were extended after data showed that the U.S. consumer price index gained both on a monthly and yearly basis in Jan 2025. However, losses were restricted following the domestic retail inflation print of Jan 2025 which was marginally below estimates. A decline in U.S. Treasury yields after data showed that U.S. retail sales tumbled in Jan 2025, further limited the losses.

[Outlook](#)

Despite recent global uncertainties and foreign selling pressures leading to market declines, the Indian equity market demonstrates resilience, primarily driven by consistent inflows by domestic institutional investors and mutual funds. Analysts forecast a gradual recovery over the forthcoming quarters, underpinned by macroeconomic stability, a robust policy environment, and a controlled fiscal deficit by the government. With inflation maintained at a moderate 4.31% in Jan 2025, the business climate remains conducive to expansion and consumer spending. The performance of key sectors such as information technology, banking, and infrastructure will be pivotal in this recovery. However, any new tariff or trade policies could significantly impact industrial and export-oriented sectors.

The RBI's recent rate cut and the government's efforts to reduce the fiscal deficit in the Union Budget 2025-26 have positively impacted the market. However, concerns about the U.S. tariffs, the depreciating Indian Rupee, and the U.S. Federal Reserve's cautious stance on further rate cuts remain. The RBI may introduce further rate cuts to enhance bond attractiveness, while maintaining liquidity in the market. Overall, the outlook is cautiously optimistic, with potential volatility due to global economic conditions.

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

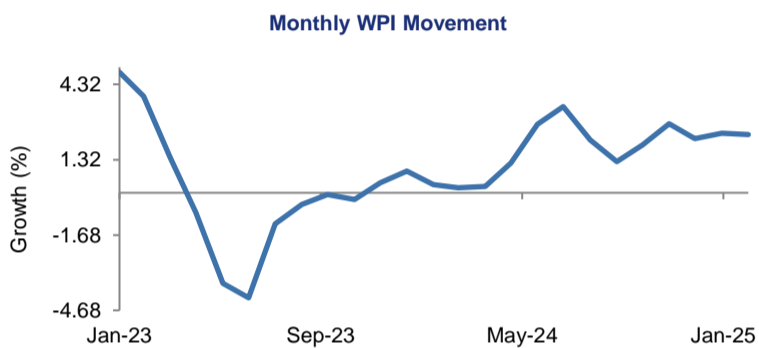
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**Head – Retail Liabilities & Wealth Management**



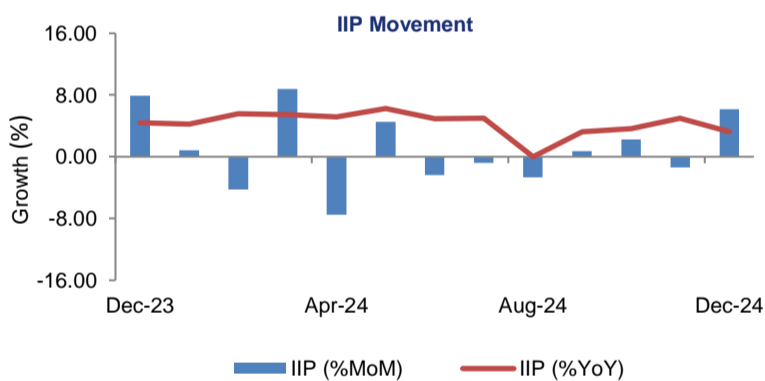
## INDIAN ECONOMY

Economic Releases in February-2025			
Key Indicator	Period	Actual	Previous
Repo Rate	Feb-25	6.25%	6.50%
Reverse Repo	Feb-25	3.35%	3.35%
CRR	Feb-25	4.00%	4.00%
Index of Industrial Production (IIP)	Dec-24	3.20%	5.00%
Wholesale Price Index Inflation(WPI)	Jan-25	2.31%	2.37%
Export (Y-o-Y)	Jan-25	-12.00%	-12.00%
Import (Y-o-Y)	Jan-25	-1.15%	-1.15%

Source: RBI, Refinitiv



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

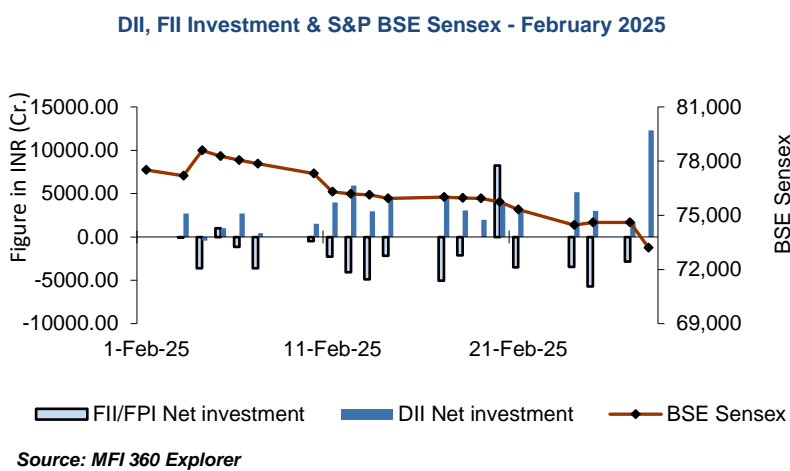
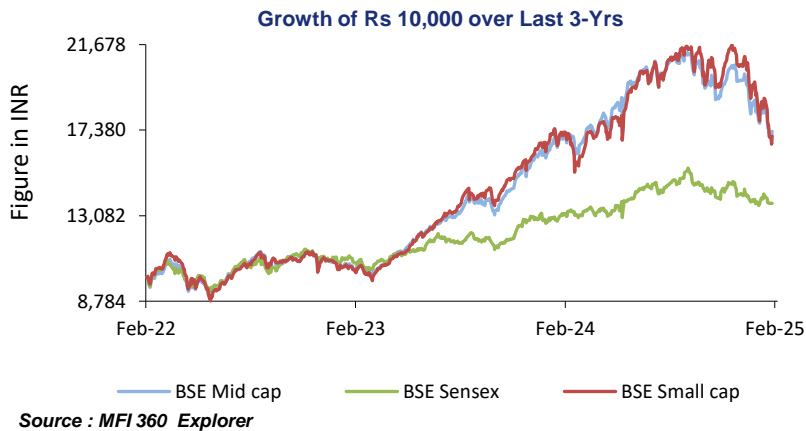


Source: Reuters

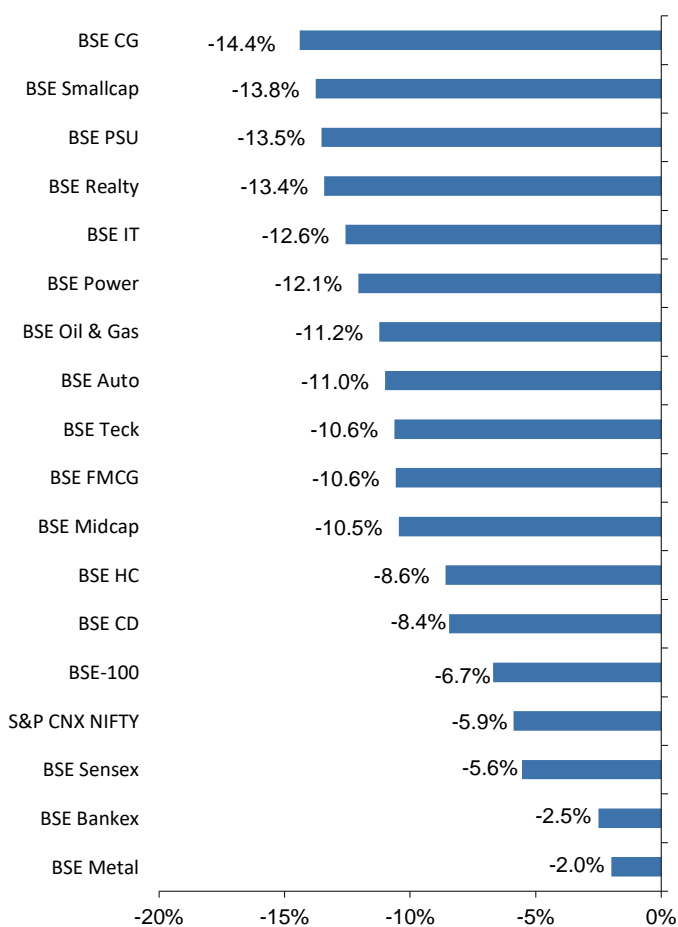
- The Monetary Policy Committee (MPC) in its sixth bi-monthly monetary policy review of FY25 reduced key policy repo rate by 25 bps to 6.25% with immediate effect. Consequently, the standing deposit facility (SDF) rate shall stand adjusted to 6.00%. The MPC unanimously voted to reduce the policy repo rate by 25 bps. The MPC also decided to continue with the neutral monetary policy stance and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth. Accordingly, the MPC unanimously voted to continue with a neutral stance.
- Government data showed that Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 6.2% YoY in the third quarter of FY25. In the Oct-Dec quarter of last year, the GDP growth rate was 9.5%. On the sectoral front, the growth of Manufacturing sector decreased to 3.5% in Q3 of FY25 from 14.0% in same quarter of previous fiscal year. However, growth of Agriculture, Livestock, Forestry & Fishing increased to 5.6% in Q3 of FY25 compared to 1.5% growth in Q3 of FY24.
- The consumer price index-based inflation eased to 4.31% YoY in Jan 2025 compared to 5.22% in Dec 2024 as food price increases slowed. Consumer food price inflation decreased to 6.02% YoY in Jan 2025 from 8.39% in Dec 2024.
- The total gross goods and services tax (GST) revenue grew 12.3% YoY to Rs. 1.96 lakh crore in Jan 2025 as compared to Rs. 1.74 lakh crore in Jan 2024.

- The government has increased the foreign direct investment limit in the insurance sector from 74% to 100% in the Union Budget 2025 to bring more investment, global expertise, and better products for customers.
- According to the Finance Secretary, the government will enable open architecture in insurance distribution by allowing agents to sell policies of multiple insurers. With this, insurance agents would be allowed to work with multiple insurance companies soon.
- The insurance regulator IRDAI has put a cap of 10% hike per year on health insurance policies targeted at senior citizens. IRDAI said that if an insurance company wants to increase premium beyond 10% or discontinue offering a policy for senior citizens, it must first get permission from the regulator.
- According to the new guidelines provided by the SEBI with respect to usage of artificial intelligence (AI) and machine learning (ML) tools, the capital market regulator clarified that all SEBI regulated entities like AMCs, PMS/AIF, REITs/InvITs and RIAs can leverage AI and ML to improve their services. However, the SEBI has clarified that the regulated entities will have to take complete responsibility of such tools.

## Indian Equity Market



### Monthly returns as on February 28 2025



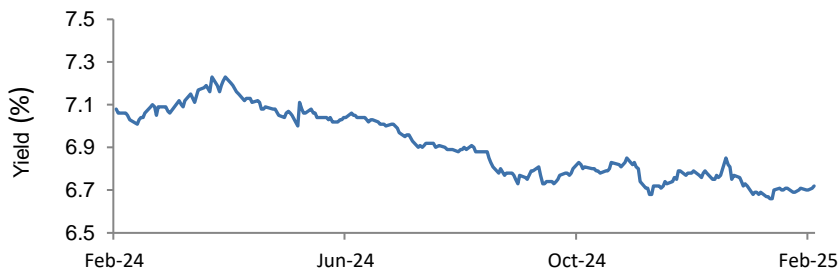
- Domestic equity markets fell due to prevailing uncertainty over the U.S. President's plans for reciprocal tariffs, as the U.S. trade policy may lead to a prolonged trade war and potential inflationary pressures.
- Sentiment was dampened by the U.S. Fed's statement that it is "not in a hurry to lower interest rates" and intends to "pause rate cuts to assess further progress in inflation". A rate cut of 25 bps by the RBI in its monetary policy meeting of Feb 2025 failed to lift market mood as the central bank's monetary policy lacked additional liquidity-easing measures.
- Persistent sell-off by the foreign institutional investors in domestic equity markets, further widened the losses. Investors' sentiment was negatively impacted after the U.S. President has threatened to impose a 25% tariff on imports from the European Union, accusing the bloc of being formed to "undermine" the U.S.
- Losses were extended after China vowed to take "all necessary countermeasures and defend its legitimate rights and interests" following the U.S. President's announcement of an additional 10% tariff on Chinese imports, intensifying the brewing trade war between the world's two largest economies.
- On the BSE sectoral front, BSE capital goods experienced a decline of 14.39% following the announcement of the government's FY26 budget, which did not meet the anticipated levels of capital expenditure. Despite falling short of the current fiscal year's target, the finance minister has proposed an allocation of Rs. 11.21 lakh crore for capital expenditure in FY26. In comparison to the budget estimates of Rs. 11.11 lakh crore for capital expenditure, the government has projected to spend Rs. 10.18 lakh crore according to the revised estimates for FY25. BSE IT fell 12.58% due to the impact of the U.S. President's latest announcement on tariffs that have triggered fresh worries of a trade war and a slowdown in the U.S. economy. Additionally, the recent drop in the stock price of a leading U.S. tech company following its earnings report has sparked a broader selloff in major information technology stocks. BSE Auto plunged 11% after the U.S. President said that he intended to impose 25% tariffs on autos. Further, the sector fell following media reports suggesting a potential significant reduction in import duties on electric vehicles by the Indian government.

## Indian Fixed Income

Indicators (Yield %)	February 28, 2025	January 31, 2025
Call Rate	6.31%	6.60%
FBIL 1 Mn Term Mibor	7.00%	7.10%
10-Yr benchmark bond	6.72%	6.69%
Reverse Repo	3.35%	3.35%
Repo	6.25%	6.50%
Bank Rate	6.50%	6.75%
CRR	4.00%	4.00%

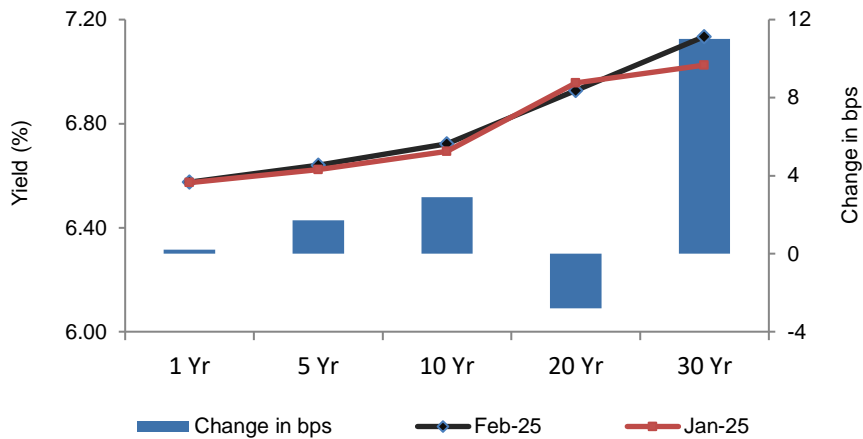
Source: Refinitiv

10-Yr Benchmark Bond



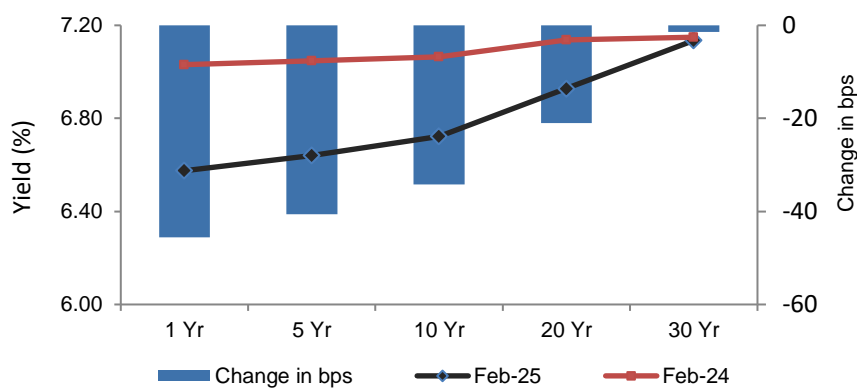
Source: CCIL

India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

India Yield Curve Shift (Year-on-Year)



Source: Refinitiv

- Bond yields fell initially amid expectations of an interest rate cut at the RBI's Feb 2025 monetary policy meeting. However, yields rose later as market participants were disappointed that the RBI's first rate cut in nearly five years by 25 bps was not accompanied with any additional steps to boost banking system liquidity. Losses were extended after data showed that the U.S. consumer price index gained both on a monthly and yearly basis in Jan 2025. However, losses were restricted following the domestic retail inflation print of Jan 2025 which was marginally below estimates. A decline in U.S. Treasury yields after data showed that U.S. retail sales tumbled in Jan 2025, further limited the losses.

- Yield on the 10-year benchmark paper (6.79% GS 2034) rose by 3 bps to close at 6.72%, compared with the previous month's close of 6.69%.

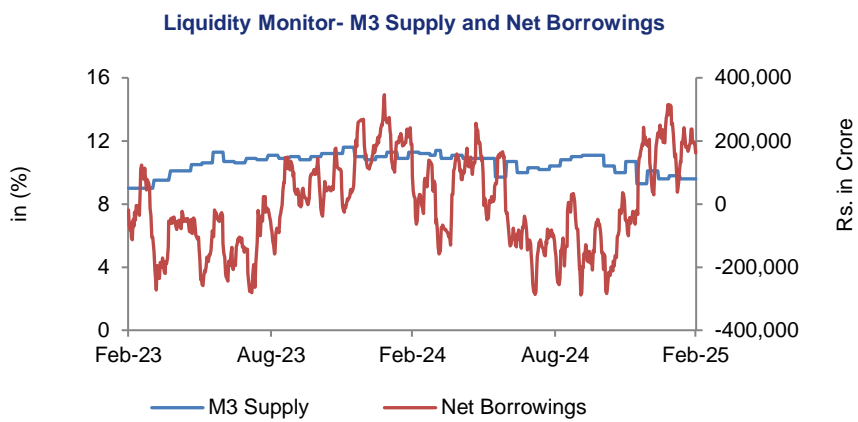
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- Losses were extended after data showed that the U.S. consumer price index gained both on a monthly and yearly basis in Jan 2025.

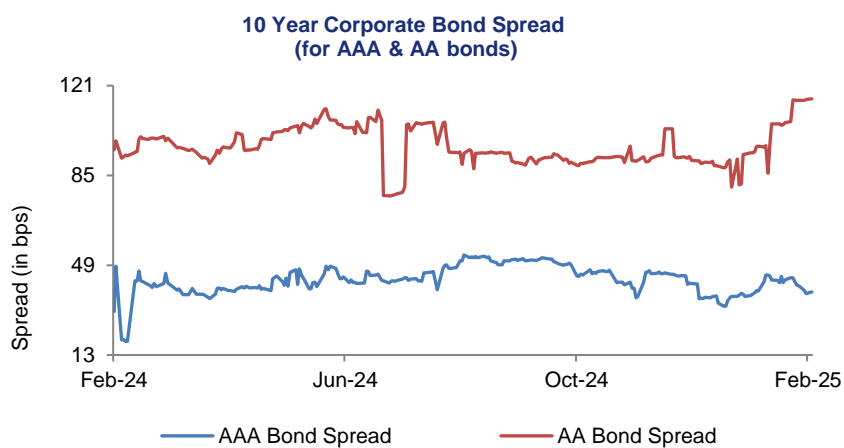
- However, losses were restricted following the domestic retail inflation print of Jan 2025 which was marginally below estimates.

- A decline in U.S. Treasury yields after data showed that U.S. retail sales tumbled in Jan 2025, further limited the losses.

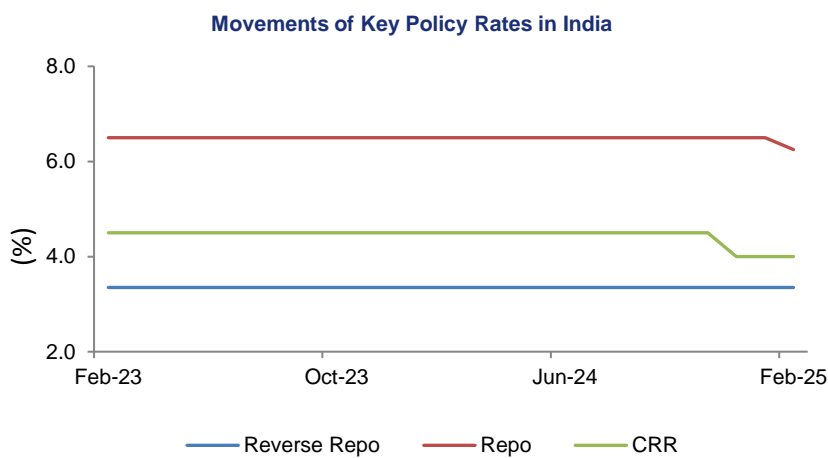
- Meanwhile, yields rose following a heavy debt supply from states on Feb 25, 2025, coupled with a plunge in the local currency.



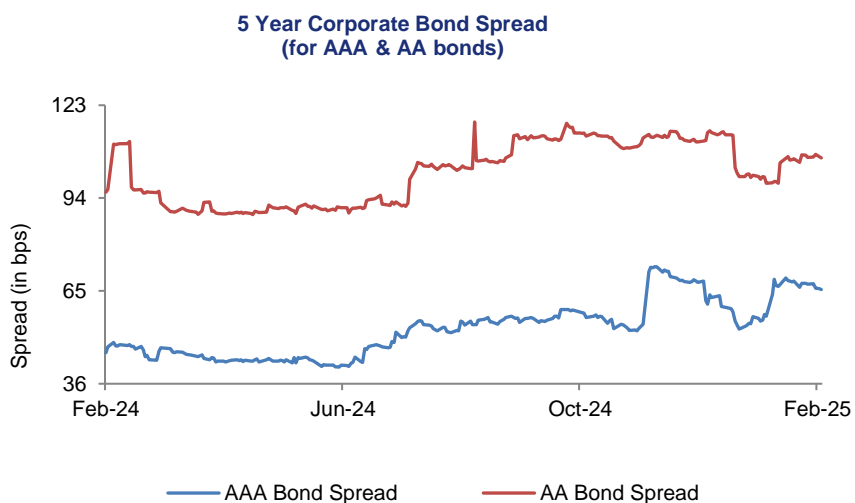
Source: Refinitiv



Source: Refinitiv



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. 1,22,000 crore in Feb 2025, compared to Rs. 1,40,000 crore in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 6.45%, 6.58% and 6.55%, respectively, during the month under review compared with the average yield 6.59%, 6.70% and 6.68% respectively in the previous month.
- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 1,22,773 crore (for which amount of Rs. 1,22,593 crore was accepted), which is lower than the scheduled amount of Rs. 1,51,585 crore during Feb 2025. The average cut-off yield of 10-year SDL remained the same at 7.15% during Feb 2025 compared to the previous month.
- In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,27,000 crore in Feb 2025, for which full amount was accepted with no devolvement on primary dealers.

## GLOBAL EQUITY MARKET

Performance of Major International Markets (as on February 28, 2025)		
Indices	Country	1 Mth (%)
<b>United States</b>		
Nasdaq 100	U.S.	-2.76
Nasdaq Composite	U.S.	-3.97
<b>Asia Pacific</b>		
SET Composite Index	Thailand	8.43
Jakarta Composite	Indonesia	11.80
Straits Times Index	Singapore	1.03
KOSPI Index	South Korea	0.61
Nikkei Stock Average 225	Japan	-6.11
Taiwan SE Weighted Index	Taiwan	-2.01
Shanghai Composite Index	China	2.16
BSE Sensex	India	-5.55
S&P/ASX 200	Australia	-4.22
<b>Europe</b>		
FTSE 100	U.K.	1.57
CAC 40	France	2.03
DAX Index	Germany	3.77

*Source: MFI 360 Explorer & Refinitiv*

### United States

- U.S. equity markets mostly fell as a decline on Wall Street followed the release of a report by the University of Michigan, which indicated that consumer sentiment in the U.S. had worsened significantly more than earlier projections for Feb 2025. Market sentiment was further hit following the announcement by the U.S. President that the previously suspended 25% tariffs on imports from Mexico and Canada, as well as the 10% tariff on imports from China, will be implemented on Mar 04, 2025.

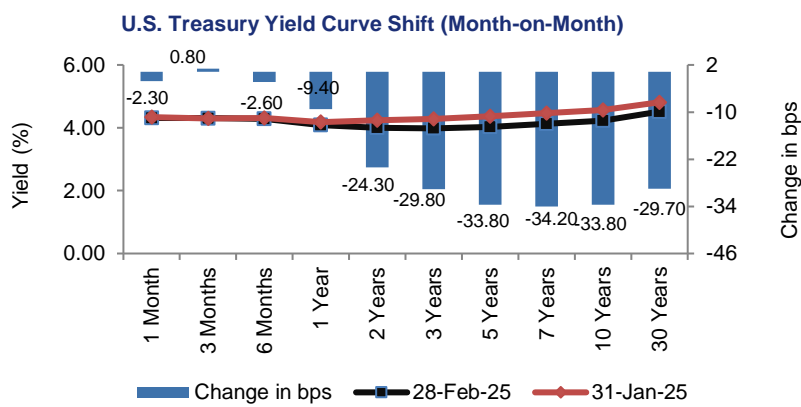
### Europe

- European equity markets rose as investors reacted to robust earnings reports and a slight alleviation of geopolitical tensions after Ukraine and the U.S. reached an agreement on a minerals deal. Additionally, the market rose following the U.S. President's decision to pause tariffs on Canada and Mexico for a month.

### Asia

- Asian equity markets closed on a mixed note. The market rose as the U.S. President announced a delay in implementing reciprocal tariffs until Apr 2025. However, gains were restricted due to the minutes of the U.S. Federal Reserve's Jan 2024 policy meeting revealing concerns over inflation risks, and the U.S. President's harsh criticism of the Ukrainian President heightened tensions in the ongoing conflict.

## GLOBAL FIXED INCOME - U.S. TREASURY



Source: Refinitiv



Source: Refinitiv

- Yields on the 10-year U.S. Treasury fell by 34 bps to close at 4.57% from the previous month's close of 4.58%.
- U.S. Treasury prices rose following the release of data indicating a significant decline in retail sales within the world's largest economy in Jan 2025, the U.S. Federal Reserve remains poised to implement interest rate cuts later this year.
- Further, prices rose after a report closely tracked by the U.S. Federal Reserve showed annual inflation subsided and consumer spending slowed in Jan 2025.
- However, losses were restricted following the recent consumer inflation data from the U.S., which exceeded expectations in Jan 2025, there is a growing consensus that the U.S. Federal Reserve is poised to maintain its current interest rates for a prolonged duration.

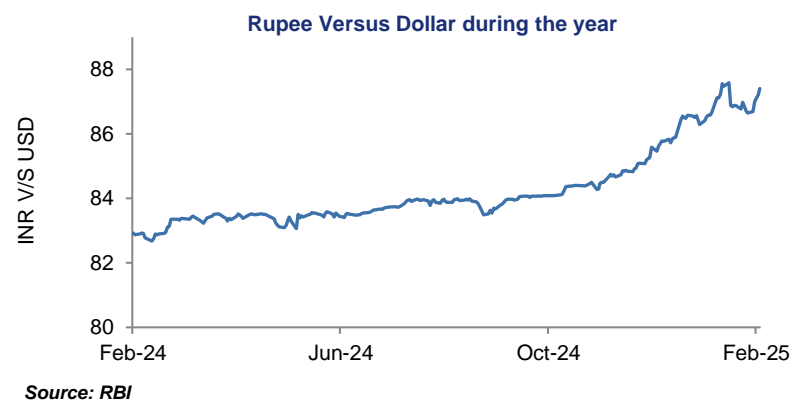




## CURRENCY

Movement of Major Currencies (as on February 28, 2025)				
Currency	Value (as on 28-Feb-2025)	1 Mth	3 Mth	1 Yr
U.S. Dollar	87.40	86.64	84.50	82.92
Pound Sterling	109.98	107.62	107.46	105.03
Euro	90.78	90.01	89.36	89.86
Yen (Per Rs.100)	58.00	56.00	56.00	55.00

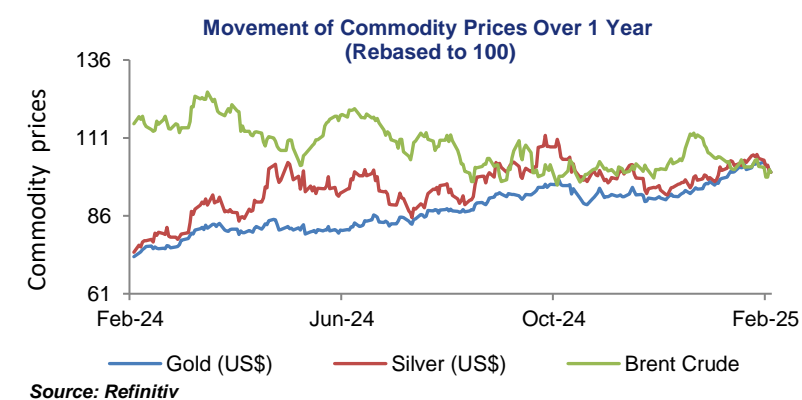
Source: RBI




## COMMODITIES

Performance of Various Commodities					
Commodities	Last Closing (28-Feb-25)	Returns (in %)			
		1 Wk	1 Mth	6 Mth	1 Yr
Crude Brent (\$/Barrel)	74.85	-1.85	-4.28	-9.21	-13.19
Gold (\$/Oz)	2858.60	-2.64	2.06	14.21	39.90
Gold (Rs/10 gm)	84789.00	-1.06	3.66	18.29	36.55
Silver (\$/Oz)	31.15	-4.26	-0.48	8.00	37.43
Silver (Rs/Kg)	93287.00	-3.66	0.10	9.87	34.23

Source: Refinitiv



### INR

- Rupee fell against the U.S. dollar against the U.S. dollar due to a negative equities trend and tariff uncertainty. Further, prices fell as foreign investors continued selling from domestic equity markets. However, losses were restricted by weaker greenback demand. Further, prices rose amid heavy Reserve Bank of India intervention.

### EURO

- Euro edged up against the U.S. dollar as investors reacted to the weak U.S. retail sales report for the month of Jan 2025. Further, prices rose despite data showing that U.S. consumer prices rose more than economists expected in Jan 2025. However, gains were restricted amid weak economic data and uncertainty over tariff implementation.

### Crude

- Brent crude oil prices fell after data showed a sharp jump in U.S. crude inventories in the week ended 31st Jan, 2025. Prices fell due to worries about global economic growth and uncertainty about the outlook for oil demand weighing on the commodity's prices. However, losses were restricted after a senior Russian official said that Ukrainian drones had attacked a pipeline in Russia, which pumps about 1% of global crude supply, raising concerns about supply disruptions.

### Gold

- Gold prices rose amid safe-haven buying due to concerns over China-U.S. tensions, and potential new tariffs on imports from Canada, Mexico and the European Union. Furthermore, prices rose amid concerns that the tariffs suggested by the U.S. President's administration may considerably impact global economic growth and corporate profits. However, gains were restricted amid rising concerns that the tariff hike moves by the U.S. President will result in a prolonged trade war and hurt global economic growth.

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**All information mentioned in this document pertains to the month ended February 28, 2024.**

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