

Indian Markets

- Indian stocks declined as US tariff issues continued to weigh on the market. Major indices ended the week in the red, with the Sensex losing 2.6% and Nifty losing 2.8%. Broader markets also underperformed, with Next 50 losing 6.5%, Midcap losing 7.6%, and Smallcap losing 9.7%.
- In sectoral performance, Financial Services (-1.62%), Private Banks (-1.75%), and Banks (-2.19%) were the top performers, while Energy (-7.05%), Media (-8.14%), and Realty (-9.89%) were the major laggards.
- Among Nifty 50 stocks, Bharti Airtel (2.28%), Bajaj Finserv (2.26%), and Britannia Industries (1.18%) were the major gainers, while Mahindra & Mahindra (-8.09%), Adani Enterprises (-8.16%), and Eicher Motors (-12.37%) were the major laggards.
- The 1-Year Forward PE stands at 19.5, while the VIX increased by 10.0%, reflecting a pessimistic outlook in the market.
- On an MTD basis, FIIs were net sellers, and DIIs were net buyers. Similarly, on a YTD basis, FIIs were net sellers, and DIIs were net buyers.

Global Markets

- This week, the global markets exhibited a positive move, with Hang Seng (7.0%) being the best performer, while FTSE 100 (0.5%) was the worst performer.

Commodities, Currency, and Bond Yields

- This week, commodities showed a positive move, with Silver (4.7%) being the best performer, while Aluminium (-0.5%) was the worst performer.
- The US Dollar gained 0.7% against the Japanese Yen over the week, while it lost 1.5% against the British Pound. Over the same period, it lost 0.7% against the Indian Rupee.
- Over the week, the Indian G-Sec Yield remained relatively flat, and the US G-Sec Yield also remained relatively flat.

Weekly Sectoral Top Performers

Sectors	Today CMP	Daily %	Weekly %
Financial Services	23158	-0.49%	-1.62%
Private Bank	24487	-0.74%	-1.75%
Bank	49058	-0.61%	-2.19%

Weekly Sectoral Losers

Sectors	Today CMP	Daily %	Weekly %
Energy	30504	-2.50%	-7.05%
Media	1490	-3.55%	-8.14%
Realty	827	-2.28%	-9.89%

Weekly Nifty 50 Stock Gainers

Stocks	Today CMP	Daily %	Weekly %
Bharti Airtel	1715	0.02%	2.28%
Bajaj Finserv	1839	-0.55%	2.26%
Britannia Industries	4928	0.80%	1.18%

Weekly Nifty 50 Stock Losers

Stocks	Today CMP	Daily %	Weekly %
Mahindra & Mahindra	2940	-1.29%	-8.09%
Adani Enterprises	2148	-4.31%	-8.16%
Eicher Motors	4708	-2.33%	-12.37%

Source: Axis Securities, Bloomberg

Indices	Today	Daily %	Weekly %
SENSEX	75851	-0.38%	-2.58%
Nifty 50	22897	-0.58%	-2.81%
Nifty Next 50	59448	-2.46%	-6.46%
NIFTY Midcap 100	49553	-2.61%	-7.57%
NIFTY Smallcap 250	14472	-3.50%	-9.75%
India VIX	15.06	0.70%	10.05%

Period	NIFTY 50		
	1 Year Fwd PE	Dividend Yield	PB Ratio
Current	19.48	1.59%	3.39
Week Ago	19.82	1.56%	3.47
Month Ago	21.51	1.56%	3.49
Year Ago	20.91	1.54%	3.57

FII Inflow/Outflow in Cash Market

	Today	1 Month Flow	YTD Flow
FII	-4875.8	-61787.7	-124031.5
DII	29.3	640.3	1324.3

Figs. in ₹ Cr, data as of T-1

Global Indices	Today	Daily %	Weekly %
DOW JONES	44711	0.77%	0.92%
NASDAQ	19946	1.50%	2.16%
DAX	22593	-0.08%	3.70%
FTSE 100	8747	-0.20%	0.54%
NIKKEI 225	39149	-0.79%	0.93%
Shanghai Comp	3347	0.43%	1.30%
Hang Seng	22620	3.69%	7.04%

 Source: Bloomberg; As on 3:30 pm IST
 NASDAQ and DJI data for T-1 closing

Commodities	Today	Daily %	Weekly %
GOLD (\$/OZ)	2936	0.26%	2.61%
SILVER (\$/Oz)	33	2.98%	4.70%
Steel (\$/Ton)	475	0.00%	0.00%
COPPER (\$/Ton)	9435	0.97%	1.59%
ALUMINIUM (\$/Ton)	2627	-0.06%	-0.47%
BRENT (\$/Bbl)	75	0.36%	0.84%

Forex Rate	Today	Daily %	Weekly %
USD INR	86.833	-0.07%	-0.68%
USD JPY	152.520	-0.18%	0.73%
USD CNY	7.263	-0.34%	-0.43%
USD GBP	0.795	-0.15%	-1.45%

Source: Bloomberg; As on 4:30 pm IST

Bond yields	Today	Week Ago	Month Ago
India G-Sec 10 Yr	6.707%	6.704%	6.734%
US G-Sec 10 Yr	4.525%	4.495%	4.644%

- The India MPC cut rates 25 bps as expected, though holding the stance (both unanimously), with language indicating limited scope for cuts ahead despite both inflation and growth forecasts for FY26 being on the lower side. New LCR rules on digital deposits were delayed until at least FY27, while the statement indicated a pragmatic approach to efficiency/cost trade-offs in regulation. India services PMI was revised down, showing weakest expansion since Nov'22, but stronger hiring and inflation.
- US non-farm payrolls were lower than expected, but revision of past prints, strong household survey hiring that pushed the unemployment rate lower, and higher earnings drove an overall stronger report. University of Michigan consumer confidence fell on higher inflation expectations, while US services PMI were mixed, amid revision lower in durable goods orders and softer unit labour costs growth. JOLTs data showed lower openings, but were otherwise mixed. Fed speakers indicated more caution around cuts.
- Eurozone CPI inflation was higher than expected driven by core, despite lower prints for France and Germany, while retail sales and industrial production were soft, the latter despite pickup in German factory orders. Services PMI showed weakest activity growth in 2 months. ECB speakers indicated around 75 bps further cuts in the year.
- The BOE MPC cut rates 25 bps as expected, with language emphasizing gradual and careful moves ahead, with weaker growth and higher inflation expectations. Markets were hopeful after 2 members voted for a 50 bps cut, but governor Bailey indicated that the vote split was not a signaling tool.
- Japanese wage growth was the highest since 1997. Political developments indicate continued hikes. Chinese PMI showed slower expansion and prices.

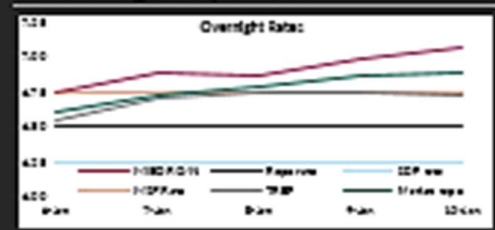
Trade Highlights

- DM yields came lower early in the week with softer JOLTs data and comments from the US Treasury on not increasing issuance pressures. Stronger payrolls pushed yields back.
- The broad USD came lower early in the week on treasury yields and more neutral ECB comments, but later rose back. JPY appreciated on hike pricing, while CNY was flat.
- Gold and silver prices were higher in the week, while industrial metals rose on chatter of Chinese demand. Crude oil was lower despite concerns around Iran.
- Spot INR was allowed to rise despite lower USD/EMFX, approaching 87.60. India rates fell in the week with global benchmarks, but rose after the less dovish MPC.

Week Ahead

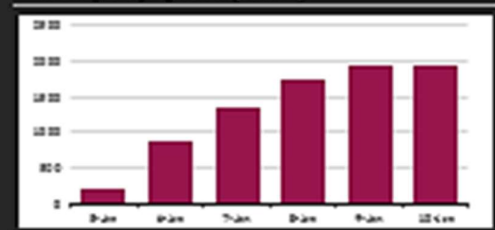
- India CPI inflation is expected around 4.55% with lower vegetable prices, but moves up in edible oils, fruits and gold, while IIP and trade data are also watched.
- US CPI and PPI inflation, retail sales, industrial production and jobless claims are watched, along with political developments.
- Eurozone GDP growth and employment, industrial production, investor confidence, German inflation and ZEW indicator and UK monthly and quarterly GDP are watched.
- Chinese credit data, negotiations with the US, and Japanese GDP are watched.

INR overnight rates, near-term



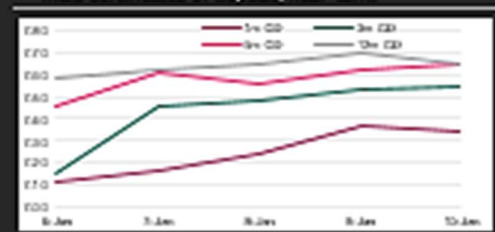
Source: Bloomberg, Axis Bank Research

RBI liquidity injection (INR bn)



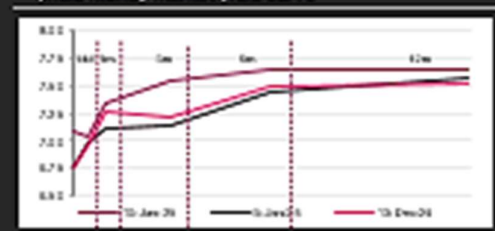
Source: Bloomberg, Axis Bank Research

India certificates of deposit, near-term



Source: Bloomberg, Axis Bank Research

India money market yield curve



Source: Bloomberg, Axis Bank Research

	7-Feb-25 Friday	3-Feb-25 1 Week Ago	10-Jan-25 1 Month Ago	11-Feb-24 1 Year Ago
Money Markets				
MIBOR O/N (%)	6.35	6.65	7.08	6.85
MIBOR 14 D (%)	6.82	7.00	7.03	6.99
1M T-Bill Yield (%)	6.25	6.40	6.59	6.61
3M T-Bill Yield (%)	6.40	6.50	6.59	7.00
6M T-Bill Yield (%)	6.52	6.61	6.64	7.13
12M T-Bill Yield (%)	6.52	6.61	6.63	7.12
1M CD Yield (%)	7.01	7.30	7.34	7.37
3M CD Yield (%)	7.41	7.47	7.54	7.99
6M CD Yield (%)	7.59	7.62	7.64	7.94
12M CD Yield (%)	7.53	7.59	7.64	7.87
3M CP Yield (%)	7.80	7.90	7.70	8.55
3M T-Bill-OIS Spread (%)	-0.05	0.02	-0.10	0.25
3M 3M CD-OIS Spread (%)	0.96	0.99	0.85	1.24
12M T-Bill-OIS Spread (%)	0.18	0.29	0.12	0.43
12M CD-OIS Spread (%)	1.19	1.27	1.13	1.18
3M CD-T-Bill Spread (%)	1.01	0.97	0.95	0.99
12M CD-T-Bill Spread (%)	1.01	0.98	1.01	0.75
3M CP-CD Spread (%)	0.39	0.43	0.16	0.56
7 Day Term Repo (%)	0.00	0.00	0.00	0.00
14 Day Term Repo (%)	6.49	6.49	6.49	6.49
Net India banking system liquidity (Rs. Bn)	(698)	(1,085)	(2,250)	(1,935)
Net overnight liquidity	1,140	1,024	500	287
Net VRR	(1,838)	(2,109)	(2,750)	(2,101)
Net LTRO/TLTRO	-	-	-	(121)
CRR imbalance	(173)	(119)	195	(285)
Fed Funds Rate Effective (%)	4.33	4.33	4.33	5.33
EONIA O/N (%)	2.67	2.92	2.92	3.91
SONIA O/N (%)	4.45	4.70	4.70	5.19
SHIBOR O/N (%)	1.82	1.71	1.64	1.85
USD 3M SOFR (%)	4.30	4.30	4.29	5.31
USD 6M SOFR (%)	4.26	4.25	4.24	5.19
3M US TED Spread (%)	0.59	0.59	0.60	0.27
3M US LIBOR-OIS Spread (%)	0.52	0.52	0.52	0.25
Fixed Income				
INR 1Y OIS Onshore (%)	6.34	6.32	6.51	6.69
INR 5Y OIS Onshore (%)	6.11	6.07	6.22	6.31
India 10 year Benchmark Yield (%)	6.70	6.67	6.77	7.11
AAA 5 Year Corporate Yield (%)	7.45	7.42	7.49	7.73
AAA 10 Year Corporate Yield (%)	7.29	7.25	7.27	7.64
10 year AAA-G-Sec Spread (%)	0.59	0.58	0.50	0.54
10 Year Benchmark US Treasury Yield (%)	4.49	4.56	4.76	4.18
10 Year Benchmark German Bund Yield (%)	2.37	2.38	2.59	2.38
10 Year Benchmark UK Gilt Yield (%)	4.48	4.49	4.84	4.08
MOVE Index	93.13	94.15	96.57	106.21
CDX Investment grade (NA 5Y)	16.48	18.56	9.50	38.58
Sovx Western Europe CDS	55.00	55.00	54.00	103.12
SBI CDS 5Y	301.23	295.00	278.19	204.11
ICICI CDS 5Y	316.30	299.96	310.78	242.26
US 5 year infl breakeven 5 years hence	2.29	2.32	2.35	2.23

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