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Investor confidence has taken a beating this week as global markets whip saw amidst the ongoing tariff turmoil. US in a surprise move announced a 90-day pause on the reciprocal tariffs, except for China. Given the fears of global economic slowdown, demand for safe haven assets surged. Fed official Goolsbee noted that rate cut is still likely if economy gets back on track. Separately, US CPI cooled off to 2.4% (2.8% in Feb) in Mar'25 and core CPI eased to 4-year low to 2.8% (3.1% in Feb'25). The moderation was led by energy prices (6.3% fall in gasoline) along with lower airfare. However, analyst expect as the trade war escalates, inflation is expected to edge up. Separately, China's CPI remained in the deflationary zone as it contracted 0.1% (-0.7% Feb'25) in Mar'25 and PPI declined to 2.5% (sharpest fall since Nov'24).

- Except US indices, other global markets advanced in a relief rally. Nikkei rose by 9% registering broad based gains across all the sectors, especially in the non-ferrous sector, followed by banking sector. Sensex is trading in green today with jump noted in consumer durable and metal stocks. Other Asian indices also opened higher today.

Fig 1 – Stock markets

	09-04-2025	10-04-2025	Change, %
Dow Jones	40,608	39,594	(2.5)
S & P 500	5,457	5,268	(3.5)
FTSE	7,679	7,913	3.0
Nikkei	31,714	34,609	9.1
Hang Seng	20,264	20,682	2.1
Shanghai Comp	3,187	3,224	1.2
Sensex	74,227	73,847	(0.5)
Nifty	22,536	22,399	(0.6)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 10.4.2025

- Barring INR, other global currencies appreciated against the US\$ and DXY fell 2%. Sell-off in US asset classes has strained US\$ strength. Safe haven demand and rise in bond yields helped Japanese Yen. INR fell by 0.5%, amidst global turmoil. However, it is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	09-04-2025	10-04-2025	Change, %
EUR/USD (1 EUR / USD)	1.0949	1.1201	2.3
GBP/USD (1 GBP / USD)	1.2820	1.2970	1.2
USD/JPY (JPY / 1 USD)	147.76	144.45	2.3
USD/INR (INR / 1 USD)	86.25	86.70	(0.5)
USD/CNY (CNY / 1 USD)	7.3463	7.3175	0.4
DXY Index	102.90	100.87	(2.0)

Source: Bloomberg, Bank of Baroda Research | Note: Brackets indicate depreciation against the dollar , Markets in India were closed on 10.4.2025



- Global bond yields closed mixed. US 10Y yield rose by 9bps, amidst heavy treasury sell-off. This was despite easing CPI print, and rise in jobless claims. UK 10Y yield fell the most (14bps), as BoE decided to halt its sale of long-dated bonds and instead proposed selling short-dated bonds. India's 10Y yield fell by 3bps, tracking RBI decision. However, it is trading a tad higher today at 6.45%.

Fig 3 – Bond 10Y yield

	09-04-2025	10-04-2025	Change, bps
US	4.33	4.42	9
UK	4.78	4.64	(14)
Germany	2.59	2.58	(1)
Japan	1.27	1.35	8
China	1.65	1.65	0
India	6.48	6.44	(3)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 10.4.2025

Fig 4 – Short term rates

	08-04-2025	09-04-2025	Change, bps
Tbill-91 days	6.06	6.01	(5)
Tbill-182 days	6.15	6.05	(10)
Tbill-364 days	6.17	6.06	(11)
G-Sec 2Y	6.25	6.19	(6)
India OIS-2M	6.03	6.00	(3)
India OIS-9M	5.89	5.83	(6)
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.40	4.42	2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 10.4.2025

Fig 5 – Liquidity

Rs tn	08-04-2025	09-04-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	1.8	0.5
Reverse Repo	0	0	0
Repo*	0	0	0

Source: RBI, Bank of Baroda Research, *Includes LTRO| Note: Markets in India were closed on 10.4.2025

Fig 6 – Capital market flows

	07-04-2025	08-04-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(2,163.4)	(746.6)	1,416.9
Debt	(1,122.6)	(202.5)	920.1
Equity	(1,040.8)	(544.1)	496.8
Mutual funds (Rs cr)	2,020.0	12,815.3	10,795.3
Debt	3,805.0	1,458.6	(2,346.4)
Equity	(1,785.1)	11,356.7	13,141.7

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 4 Apr and 7 Apr 2025

- Oil prices have fallen to near Apr'21 low, following escalating global trade war.

Fig 7 – Commodities

	09-04-2025	10-04-2025	Change, %
Brent crude (US\$/bbl)	65.5	63.3	(3.3)
Gold (US\$/ Troy Ounce)	3082.7	3176.2	3.0
Copper (US\$/ MT)	8571.4	9003.5	5.0
Zinc (US\$/MT)	2545.8	2627.7	3.2
Aluminium (US\$/MT)	2316.0	2370.0	2.3

Source: Bloomberg, Bank of Baroda Research



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