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US and China agreed on an in-principle framework aimed at de-escalating trade tensions. The deal which includes key export items such as rare earth metals and magnets, now awaits ratification from the heads of the two nations. Notably, World Bank has cut its global growth estimates to 2.3% in 2025 from 2.7%, citing trade concerns. Growth forecasts for all major economies have seen a downgrade in 2025 led by the Euro Area (90bps), US (50bps) and Japan (30bps). For China, growth estimate has been kept unchanged at 4.5%. India's GDP growth is expected at 6.3% in FY26 vs. 6.7% estimated earlier. Separately, in the UK, unemployment rate edged up to 4.6% between Feb-Apr'25 from 4.5% in Q1 2025. Wage growth (ex. bonuses) also slowed to 5.2% in Feb-Apr'25 from 5.5% in Jan-Mar'25. Weakening momentum in labour market has vindicated the case for further easing by the BoE.

- Global stocks closed mixed. US stocks got relief from optimism over US-China trade talks. However, Hang Seng softened weighed down by technology stocks. Sensex moderated, led by real estate stocks. It is trading higher today, in line with other Asian stocks. However, an extension of US Court of Appeals to US President on tariffs can lead to some volatility in the markets.

Fig 1 – Stock markets

	09-06-2025	10-06-2025	Change, %
Dow Jones	42,762	42,867	0.2
S & P 500	6,006	6,039	0.5
FTSE	8,832	8,853	0.2
Nikkei	38,089	38,212	0.3
Hang Seng	24,181	24,163	(0.1)
Shanghai Comp	3,400	3,385	(0.4)
Sensex	82,445	82,392	(0.1)
Nifty	25,103	25,104	0

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed as investors monitored US-China trade talks. DXY rose by 0.2% on positive comments from US Commerce Secretary. GBP depreciated by 0.4% as UK's labour market slowed. INR ended flat. However, it is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	09-06-2025	10-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1422	1.1425	0
GBP/USD (1 GBP / USD)	1.3551	1.3500	(0.4)
USD/JPY (JPY / 1 USD)	144.57	144.87	(0.2)
USD/INR (INR / 1 USD)	85.63	85.62	0
USD/CNY (CNY / 1 USD)	7.1794	7.1878	(0.1)
DXY Index	98.94	99.10	0.2

Source: Bloomberg, Bank of Baroda Research



- UK's 10Y yield softened the most as labour market weakened. Even Germany's 10Y yield moderated despite a key ECB official hinting at cautious approach to further monetary easing. The correction in India's 10Y yield continued. The cut off yield in today's T-Bill auction will hold the cue for direction of short-term rates. The new benchmark security is trading at 6.28% today.

Fig 3 – Bond 10Y yield

	09-06-2025	10-06-2025	Change, bps
US	4.47	4.47	0
UK	4.63	4.54	(9)
Germany	2.57	2.52	(4)
Japan	1.47	1.48	1
China	1.69	1.69	0
India	6.35	6.36	2

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	09-06-2025	10-06-2025	Change, bps
Tbill-91 days	5.32	5.37	5
Tbill-182 days	5.37	5.41	4
Tbill-364 days	5.36	5.36	0
G-Sec 2Y	5.64	5.68	4
India OIS-2M	5.39	5.43	4
India OIS-9M	5.47	5.52	5
SONIA int rate benchmark	4.21	4.21	0
US SOFR	4.29	4.29	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	09-06-2025	10-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.4	2.6	0.2
Reverse Repo	0	0	0
Repo*	0	0	0

Source: RBI, Bank of Baroda Research, *Includes LTRO

Fig 6 – Capital market flows

	06-05-2025	09-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	269.0	136.3	(132.7)
Debt	121.5	(145.8)	(267.3)
Equity	147.5	282.1	134.7
Mutual funds (Rs cr)	(6,072.2)	(1,702.5)	4,369.7
Debt	(7,595.2)	(3,046.6)	4,548.6
Equity	1,523.1	1,344.2	(178.9)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 4 Jun and 5 Jun 2025

- Oil prices declined marginally tracking outcome of US-China trade talks.

Fig 7 – Commodities

	09-06-2025	10-06-2025	Change, %
Brent crude (US\$/bbl)	67.0	66.9	(0.3)
Gold (US\$/ Troy Ounce)	3326.2	3323.7	(0.1)
Copper (US\$/ MT)	9888.8	9840.6	(0.5)
Zinc (US\$/MT)	2614.5	2624.5	0.4
Aluminium (US\$/MT)	2479.0	2492.5	0.5

Source: Bloomberg, Bank of Baroda Research



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