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Trade tensions rose to an all-time high amidst tariff jitters and conflicting news which added to the volatility in the global markets. US President Trump had previously pledged double tariffs on aluminium and steel from Canada to 50%. This came after the announcement of the reciprocal tariffs by Canada for 25% surcharge on electricity. However, the double tariff plan was halted by the US with only 25% tariff now expected to take in to effect from this week, given that Canada has also rescinded on the 25% charges on electricity to the US states. Markets will closely monitor US inflation print. In India, investors await CPI (our estimate: 4.1%) and industrial production (our estimate: 3%) data scheduled later today.

- Global indices ended mixed. US indices extended the losses as trade tension worsened between US and Canada amidst tariffs news. Furthermore, risk of economic slowdown in the world's largest economy added to the woes. FTSE declined to a near 2-month low with losses in travel and leisure stocks. Sensex ended flat. It is trading lower today while other Asian stocks are trading higher.

Fig 1 – Stock markets

	10-03-2025	11-03-2025	Change, %
Dow Jones	41,912	41,433	(1.1)
S & P 500	5,615	5,572	(0.8)
FTSE	8,600	8,496	(1.2)
Nikkei	37,028	36,793	(0.6)
Hang Seng	23,783	23,782	0
Shanghai Comp	3,366	3,380	0.4
Sensex	74,115	74,102	0
Nifty	22,460	22,498	0.2

Source: Bloomberg, Bank of Baroda Research

- Except JPY (lower), other global currencies ended higher. DXY fell by 0.5%, driven by continuous decline in equity markets. EUR and GBP gained the most. EUR's strength was led by optimism around Germany's defence deal to boost spending. INR rose by 0.1%, tracking global cues. It is trading broadly stable today, while other Asian currencies are trading lower.

Fig 2 – Currencies

	10-03-2025	11-03-2025	Change, %
EUR/USD (1 EUR / USD)	1.0834	1.0919	0.8
GBP/USD (1 GBP / USD)	1.2879	1.2951	0.6
USD/JPY (JPY / 1 USD)	147.27	147.78	(0.3)
USD/INR (INR / 1 USD)	87.33	87.21	0.1
USD/CNY (CNY / 1 USD)	7.2600	7.2302	0.4
DXY Index	103.90	103.42	(0.5)

Source: Bloomberg, Bank of Baroda Research | Note: Figures in brackets indicate depreciation against the dollar



- Global yields closed mixed. US 10Y yield rose the most by 7bps, as investors await US CPI data and track recovery in JOLTS data. In Japan, lower than expected Japan GDP in Q4 has increased uncertainty around the timing of BoJ rate hike. China's fiscal stimulus plans pushed its yield higher (7bps). India's 10Y yield was broadly stable, and is trading a tad lower at 6.69% today.

Fig 3 – Bond 10Y yield

	10-03-2025	11-03-2025	Change, bps
US	4.21	4.28	7
UK	4.64	4.67	3
Germany	2.83	2.90	6
Japan	1.58	1.52	(6)
China	1.87	1.95	7
India	6.70	6.70	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	10-03-2025	11-03-2025	Change, bps
Tbill-91 days	6.47	6.47	0
Tbill-182 days	6.58	6.56	(2)
Tbill-364 days	6.53	6.46	(7)
G-Sec 2Y	6.56	6.56	0
India OIS-2M	6.37	6.36	(1)
India OIS-9M	6.20	6.18	(2)
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.34	4.33	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	10-03-2025	11-03-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(1.0)	(1.4)	0.4
Reverse Repo	0.1	0.1	0
Repo*	1.8	1.8	0

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

Fig 6 – Capital market flows

	07-03-2025	10-03-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(250.1)	2.4	252.5
Debt	119.2	59.5	(59.7)
Equity	(369.3)	(57.1)	312.2
Mutual funds (Rs cr)	(3,199.5)	(2,511.1)	688.4
Debt	(3,463.9)	(3,240.0)	223.9
Equity	264.4	728.9	464.5

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 6 Mar and 7 Mar 2025

- Oil prices rose, supported by weaker US\$.

Fig 7 – Commodities

	10-03-2025	11-03-2025	Change, %
Brent crude (US\$/bbl)	69.3	69.6	0.4
Gold (US\$/ Troy Ounce)	2888.7	2915.9	0.9
Copper (US\$/ MT)	9510.0	9639.2	1.4
Zinc (US\$/MT)	2819.4	2883.5	2.3
Aluminium (US\$/MT)	2694.0	2703.0	0.3

Source: Bloomberg, Bank of Baroda Research



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