

MORNING MOCHA

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ECONOMIST

Jahnavi Prabhakar

UK's GDP expanded at a much faster pace than anticipated at 0.1% in Q4 against an estimate of (-) 0.1% contraction. The expansion was supported by better than expected performance of service and construction sector which advanced by 0.2% and 0.5% respectively in the same period. Separately, Singapore economy rose at it fastest pace since CY21 by 4.4% in CY24 much higher than expectation. Investors continue to monitor ongoing developments on global tariff front. US PPI inched up by 3.5% in Jan'25 against 3.3% increase in Dec'24, while core PPI climbed up to 3.6%. According to the Fedwatch tool, investors are now pricing in a quarter point increase in rate by the end of the year. On the domestic front, the Finance Minister tabled the new Income Tax bill, 2025 which focusses on tax reforms in a simplified way.

- Global indices closed mixed. Investors continued to track tariff news and macro print form across the globe including US PPI and UK's GDP. Amongst other indices, S&P 500 gained the most while FTSE registered the biggest fall. Sensex ended flat with metal stocks turning out to be the biggest gainers. It is trading higher today in line with other Asian stocks.

Fig 1 – Stock markets

	12-02-2025	13-02-2025	Change, %
Dow Jones	44,369	44,711	0.8
S & P 500	6,052	6,115	1.0
FTSE	8,807	8,765	(0.5)
Nikkei	38,964	39,461	1.3
Hang Seng	21,858	21,814	(0.2)
Shanghai Comp	3,346	3,332	(0.4)
Sensex	76,171	76,139	0
Nifty	23,045	23,031	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Barring INR (flat), other global currencies closed higher against the US\$. DXY fell by (-) 0.6%, following steep decline in treasury yields. JPY and GBP strengthened the most. JPY gained on the back of rising yields (higher confidence that BoJ will deliver a rate hike in H2). INR remained steady. However, it is trading higher today, in line with other Asian currencies.

Fig 2 – Currencies

	12-02-2025	13-02-2025	Change, %
EUR/USD (1 EUR / USD)	1.0383	1.0465	0.8
GBP/USD (1 GBP / USD)	1.2446	1.2566	1.0
USD/JPY (JPY / 1 USD)	154.42	152.80	1.1
USD/INR (INR / 1 USD)	86.89	86.90	0
USD/CNY (CNY / 1 USD)	7.3069	7.2879	0.3

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield fell the most (-9bps), followed by Germany and UK. Investors in the US are hoping for a weaker PCE print, based on Jan'25 PPI data. In UK, despite upside surprise in GDP, analysts are worried about weak household consumption, exports and investment. India's 10Y yield fell by 1bps, and is trading even lower today (6.70%) tracking global cues.

Fig 3 – Bond 10Y yield

	12-02-2025	13-02-2025	Change, bps
US	4.62	4.53	(9)
UK	4.54	4.49	(5)
Germany	2.48	2.42	(6)
Japan	1.34	1.35	1
China	1.63	1.63	0
India	6.70	6.71	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	12-02-2025	13-02-2025	Change, bps
Tbill-91 days	6.44	6.44	0
Tbill-182 days	6.55	6.54	(1)
Tbill-364 days	6.54	6.53	(1)
G-Sec 2Y	6.62	6.63	1
India OIS-2M	6.52	6.51	(1)
India OIS-9M	6.35	6.32	(3)
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.34	4.32	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	12-02-2025	13-02-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(2.1)	(2.4)	(0.3)
Reverse Repo	0	0	0
Repo	0.5	0.5	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	11-02-2025	12-02-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(768.7)	(642.1)	126.6
Debt	(298.1)	(80.7)	217.4
Equity	(470.7)	(561.4)	(90.8)
Mutual funds (Rs cr)	(141.6)	2,491.8	2,633.4
Debt	(887.9)	(438.5)	449.4
Equity	746.2	2,930.3	2,184.1

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 10 Feb and 11 Feb 2025

- Oil prices fell, amidst news of potential peace deal between Russia and Ukraine.

Fig 7 – Commodities

	12-02-2025	13-02-2025	Change, %
Brent crude (US\$/bbl)	77.0	75.2	(2.4)
Gold (US\$/ Troy Ounce)	2,897.9	2,904.0	0.2
Copper (US\$/ MT)	9,239.2	9,344.3	1.1
Zinc (US\$/MT)	2,772.0	2,815.5	1.6
Aluminium (US\$/MT)	2,644.0	2,621.0	(0.9)

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com