

MORNING MOCHA

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ECONOMIST
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US CPI rose by 2.7% (est.: 2.6%) in Jun'25—highest in 5 months, up from 2.4% in May'25. On MoM basis as well CPI rose by 0.3%, up from 0.1% last month. Energy prices rebounded. Impact of tariffs was visible in higher price of apparels, household furnishing, and food outside home. Up until now US CPI was on a downward trajectory, however following the implementation of tariffs, upward pressure on CPI resurfaced, keeping Fed rate cuts also on hold. Separately in Germany, ZEW economic sentiment index rose to 52.7 points in Jul'25 from 47.5 in Jun'25. This was driven by optimism due to tax cuts, spending boost and lowering of rates by the ECB. Domestically, India's export growth remained flat in Jun'25, due to lower oil prices, while imports fell by (-) 3.7%. Trade deficit narrowed to US\$ 18.8bn in Jun'25.

- Global markets closed mixed. US indices ended lower as investors' monitored CPI data which inched up, signalling early impact of tariff. Hang Seng advanced the most amidst easing trade tensions between US and China. Sensex rebounded with gains in auto and real estate stocks. It is trading higher today while other Asian stocks are trading mixed.

Fig 1 – Stock markets

	14-07-2025	15-07-2025	Change, %
Dow Jones	44,460	44,023	(1.0)
S & P 500	6,269	6,244	(0.4)
FTSE	8,998	8,938	(0.7)
Nikkei	39,460	39,678	0.6
Hang Seng	24,203	24,590	1.6
Shanghai Comp	3,520	3,505	(0.4)
Sensex	82,253	82,571	0.4
Nifty	25,082	25,196	0.5

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies closed lower. DXY climbed up (nearing 3-week high) as hotter than expected CPI print has undercut the likelihood of Fed rate cuts. Yen remained under pressure amidst election uncertainty. INR appreciated supported by lower oil prices. However, it is trading lower today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	14-07-2025	15-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1664	1.1601	(0.5)
GBP/USD (1 GBP / USD)	1.3427	1.3384	(0.3)
USD/JPY (JPY / 1 USD)	147.72	148.88	(0.8)
USD/INR (INR / 1 USD)	85.99	85.82	0.2
USD/CNY (CNY / 1 USD)	7.1720	7.1825	(0.1)
DXY Index	98.08	98.62	0.5

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yield bond yields closed mixed. US 10Y yield rose the most by 5bps, tracking rise in US CPI, which reflects some impact of tariffs. UK's 10Y yield also rose by 3bps amidst ongoing fiscal concerns, and awaiting CPI print due today. India's 10Y yield fell by 1bps, helped by lower oil prices. It is trading flat today.

Fig 3 – Bond 10Y yield

	14-07-2025	15-07-2025	Change, bps
US	4.43	4.48	5
UK	4.60	4.63	3
Germany	2.73	2.71	(2)
Japan	1.58	1.58	0
China	1.67	1.66	(1)
India	6.32	6.31	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	14-07-2025	15-07-2025	Change, bps
Tbill-91 days	5.36	5.34	(2)
Tbill-182 days	5.42	5.50	8
Tbill-364 days	5.56	5.64	8
G-Sec 2Y	5.75	5.71	(4)
India OIS-2M	5.45	5.46	1
India OIS-9M	5.51	5.50	(1)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.31	4.33	2

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	14-07-2025	15-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.6	3.0	0.4
Reverse Repo	1.5	1.5	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	11-07-2025	14-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(488.2)	87.1	575.3
Debt	35.4	178.9	143.5
Equity	(523.6)	(91.8)	431.8
Mutual funds (Rs cr)	(639.5)	2,917.4	3,556.9
Debt	(1,129.1)	31.8	1,160.9
Equity	489.6	2,885.6	2,396.0

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

- Oil prices fell, driven by demand fears (lower chances of Fed rate cuts).

Fig 7 – Commodities

	14-07-2025	15-07-2025	Change, %
Brent crude (US\$/bbl)	69.2	68.7	(0.7)
Gold (US\$/ Troy Ounce)	3,343.5	3,324.6	(0.6)
Copper (US\$/ MT)	9,556.9	9,597.2	0.4
Zinc (US\$/MT)	2,724.4	2,687.1	(1.4)
Aluminium (US\$/MT)	2,592.0	2,580.5	(0.4)

Source: Bloomberg, Bank of Baroda Research



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