

MORNING MOCHA

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ECONOMIST
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All eyes were on the US-Russia Summit in Alaska last week, which appears to have ended on a positive note. Separately, investors also monitored mixed US macro data. Retail sales growth slowed to 0.5% (MoM) in Jul'25 (est.: 0.6%) from 0.9% in Jun'25, dragged by decline in sales at restaurant, and that of electronics and appliances. University of Michigan consumer sentiment index fell to 58.6 in Aug'25 from 61.7 in Jul'25. The current situation index noted a steeper decline. More worryingly, 1Y ahead inflation expectation rose to 4.9% from 4.5%. In China, retail sales, industrial production, FAI, all slowed notably in Jul'25, showing signs of stress. Domestically, S&P has upgraded India's sovereign debt rating from BBB- to BBB, on account of its growth story and its adherence to fiscal discipline. GST overhaul is also expected to provide boost to consumption ahead of the festive season.

- Global stocks ended mixed as investor shifted their focus towards the high stakes meeting between US and Russia. S&P 500 closed lower with losses noted in financials and technology stocks. Nikkei surged to a record high supported by better than expected GDP print. Sensex advanced with gains in consumer durable stocks. It is trading higher today, in line with Asian stocks.

Fig 1 – Stock markets

	14-08-2025	15-08-2025	Change, %
Dow Jones	44,911	44,946	0.1
S & P 500	6,469	6,450	(0.3)
FTSE	9,177	9,139	(0.4)
Nikkei	42,649	43,378	1.7
Hang Seng	25,519	25,270	(1.0)
Shanghai Comp	3,666	3,697	0.8
Sensex	80,540	80,598	0.1
Nifty	24,619	24,631	0

Source: Bloomberg, Bank of Baroda Research| Note: markets in India were closed on 15 Aug 2025

- Barring CNY and INR, other global currencies closed higher. DXY fell as investors remained firm on rate cut expectations in Sep'25. JPY strengthened as upbeat GDP data raised prospects of rate hike. INR fell despite lower oil prices. It is trading further stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	14-08-2025	15-08-2025	Change, %
EUR/USD (1 EUR / USD)	1.1648	1.1703	0.5
GBP/USD (1 GBP / USD)	1.3532	1.3554	0.2
USD/JPY (JPY / 1 USD)	147.76	147.19	0.4
USD/INR (INR / 1 USD)	87.49	87.57	(0.1)
USD/CNY (CNY / 1 USD)	7.1815	7.1845	0
DXY Index	98.25	97.85	(0.4)

Source: Bloomberg, Bank of Baroda Research| Note: markets in India were closed on 15 Aug 2025



- Except India (lower), other global yields closed higher. US10Y yield rose by 3bps, as investors assessed mixed macro data (slowing retail sales, drop in consumer confidence index, rise in inflation expectations). India's 10Y yield fell sharply by 8bps, following the news of S&P rating upgrade. However, it is trading higher at 6.44% today, tracking news of GST overhaul.

Fig 3 – Bond 10Y yield

	14-08-2025	15-08-2025	Change, bps
US	4.28	4.32	3
UK	4.64	4.70	5
Germany	2.71	2.79	8
Japan	1.55	1.57	3
China	1.74	1.75	1
India	6.48	6.40	(8)

Source: Bloomberg, Bank of Baroda Research| Note: markets in India were closed on 15 Aug 2025

Fig 4 – Short term rates

	13-08-2025	14-08-2025	Change, bps
Tbill-91 days	5.48	5.45	(3)
Tbill-182 days	5.56	5.53	(3)
Tbill-364 days	5.58	5.55	(3)
G-Sec 2Y	5.81	5.76	(5)
India OIS-2M	5.50	5.50	0
India OIS-9M	5.47	5.47	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.33	4.34	1

Source: Bloomberg, Bank of Baroda Research| Note: markets in India were closed on 15 Aug 2025

Fig 5 – Liquidity

Rs tn	13-08-2025	14-08-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.9	3.0	0.1
Reverse Repo	1.9	0	(1.9)
Repo*	0	0	0

Source: RBI, Bank of Baroda Research, *Includes LTRO| Note: markets in India were closed on 15 Aug 2025

Fig 6 – Capital market flows

	12-08-2025	13-08-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(292.1)	217.8	509.8
Debt	10.1	476.0	466.0
Equity	(302.1)	(258.2)	43.9
Mutual funds (Rs cr)	(1,434.9)	1,094.0	2,528.9
Debt	(7,524.7)	(4,377.9)	3,146.9
Equity	6,089.8	5,471.8	(618.0)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 8 Aug and 11 Aug 2025

- Oil prices fell, amidst news of rise in US crude stockpiles.

Fig 7 – Commodities

	14-08-2025	15-08-2025	Change, %
Brent crude (US\$/bbl)	66.8	65.9	(1.5)
Gold (US\$/ Troy Ounce)	3,335.4	3,336.2	0
Copper (US\$/ MT)	9,677.3	9,679.8	0
Zinc (US\$/MT)	2,848.0	2,789.8	(2.0)
Aluminium (US\$/MT)	2,619.5	2,607.0	(0.5)

Source: Bloomberg, Bank of Baroda Research



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