

MORNING MOCHA

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Retail sales in the US rose by 0.6% (MoM) versus est.: 0.1% and (-) 0.9% decline in May'25. A stronger rebound was on account higher auto sales. Increase was also visible in case of clothing and health & personal care items. Non-essential items like electronics & appliances and furniture fell. Similar resilience is also reflected in the labour market as initial jobless claims for the week ending 12 Jul'25 fell by 7k to 221k (est.: 234k) reaching its lowest level since mid-Apr'25. In contrast, in the UK, unemployment rate inched up in May'25 (3-month basis) to 4.7% from 4.6% in Apr'25. Wage growth slowed to 5% in May'25 (3-month basis) from 5.3% in Apr'25. This has increased the chances of BoE cutting rates in Aug'25. Separately in Japan, helped by lower rice prices, headline inflation eased to 3.3% in Jun'25 (3.5% in May'25). However, core inflation rose to 3.4% from 3.3% in May'25.

- Barring Hang Seng and Sensex, other global indices closed higher. S&P 500 ended at a fresh record high supported by strong economic data (retail sales, jobless claims). Airlines and IT stocks advanced the most. Nikkei was the biggest gainer. On the other hand, Sensex closed lower with losses in IT stocks. It is trading lower today while other Asian stocks are trading higher.

Fig 1 – Stock markets

	16-07-2025	17-07-2025	Change, %
Dow Jones	44,255	44,484	0.5
S & P 500	6,264	6,297	0.5
FTSE	8,927	8,973	0.5
Nikkei	39,663	39,901	0.6
Hang Seng	24,518	24,499	(0.1)
Shanghai Comp	3,504	3,517	0.4
Sensex	82,634	82,259	(0.5)
Nifty	25,212	25,111	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Except GBP and CNY (flat), other global currencies closed lower. DXY rebounded after better-than-expected macro data. JPY weakened amidst election uncertainty. INR depreciated as oil prices inched up. However, it is trading stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	16-07-2025	17-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1641	1.1596	(0.4)
GBP/USD (1 GBP / USD)	1.3422	1.3416	0
USD/JPY (JPY / 1 USD)	147.88	148.58	(0.5)
USD/INR (INR / 1 USD)	85.94	86.08	(0.2)
USD/CNY (CNY / 1 USD)	7.1785	7.1817	0
DXY Index	98.39	98.73	0.3

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields closed mixed. Yield in the US remained flat, impact from positive macro data (retail sales, jobless claims) was offset by concerns around Fed Chair Powell's term. UK's bond yield continued to inch up, despite weak labour market data. India's 10Y fell by 1bps, tracking global cues. It is trading at unchanged levels (6.30%) even today.

Fig 3 – Bond 10Y yield

	16-07-2025	17-07-2025	Change, bps
US	4.46	4.45	0
UK	4.64	4.66	2
Germany	2.69	2.68	(1)
Japan	1.59	1.57	(2)
China	1.66	1.66	0
India	6.31	6.30	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	16-07-2025	17-07-2025	Change, bps
Tbill-91 days	5.38	5.38	0
Tbill-182 days	5.53	5.50	(3)
Tbill-364 days	5.58	5.56	(2)
G-Sec 2Y	5.69	5.68	0
India OIS-2M	5.44	5.44	0
India OIS-9M	5.49	5.48	(1)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.37	4.34	(3)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	16-07-2025	17-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.0	3.1	0.1
Reverse Repo	1.5	2.1	0.6
Repo*	0	0	0

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

Fig 6 – Capital market flows

	15-07-2025	16-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	146.1	(157.7)	(303.8)
Debt	166.3	(36.4)	(202.7)
Equity	(20.2)	(121.3)	(101.0)
Mutual funds (Rs cr)	905.0	(2,145.0)	(3,050.0)
Debt	(1,017.7)	(3,860.3)	(2,842.6)
Equity	1,922.7	1,715.3	(207.5)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 14 Jul and 15 Jul 2025

- Oil prices rose, due to easing demand concerns, tracking US macro data.

Fig 7 – Commodities

	16-07-2025	17-07-2025	Change, %
Brent crude (US\$/bbl)	68.5	69.5	1.5
Gold (US\$/ Troy Ounce)	3,347.1	3,339.0	(0.2)
Copper (US\$/ MT)	9,570.5	9,607.8	0.4
Zinc (US\$/MT)	2,702.1	2,733.8	1.2
Aluminium (US\$/MT)	2,577.5	2,578.0	0

Source: Bloomberg, Bank of Baroda Research



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