

MORNING MOCHA

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Investors have shifted their focus towards meeting between the leaders of US, Ukraine and EU. While no outcome has been arrived so far, it is expected that there may be a tri-lateral meeting between the US, Russia and Ukraine. On the macro front, investors await minutes of the Fed meeting, to gauge the future rate trajectory of the central bank. Fed Chair Jerome Powell is also slated to speak at the Jackson Hole event later this week, which may further provide some insights regarding rates. Separately, in the UK, Rightmove data shows that house prices have declined by (-) 1.3% (MoM) in Aug'25, following (-) 1.2% decline in Jul'25. This is largely attributed to weak demand, resulting in oversupply. Domestically, while debt market investors are evaluating the impact of GST overhaul on fiscal balances, stocks are cheering boost this will provide to the domestic consumption.

- Global stocks ended mixed. Nikkei, Shanghai Comp and Sensex rose the most (0.8%). S&P 500 ended flat, as investors await earnings reports of major US retailers. Sensex advanced with gains in auto (news of lower tax on smaller cars helped), consumer durables and real estate stocks. It is trading higher today, while other Asian stocks are trading mixed.

Fig 1 – Stock markets

| | 15-08-2025 | 18-08-2025 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 44,946 | 44,912 | (0.1) |
| S & P 500 | 6,450 | 6,449 | 0 |
| FTSE | 9,139 | 9,158 | 0.2 |
| Nikkei | 43,378 | 43,714 | 0.8 |
| Hang Seng | 25,270 | 25,177 | (0.4) |
| Shanghai Comp | 3,697 | 3,728 | 0.8 |
| Sensex | 80,598 | 81,274 | 0.8 |
| Nifty | 24,631 | 24,877 | 1.0 |

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

- Barring CNY and INR, other global currencies closed lower. DXY rose by 0.3%, as investors monitor developments around ongoing geo-political tensions. JPY fell the most by 0.5%. INR rose, supported by higher bond yields. It is trading further stronger today, while other Asian currencies are trading lower.

Fig 2 – Currencies

| | 15-08-2025 | 18-08-2025 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1703 | 1.1661 | (0.4) |
| GBP/USD (1 GBP / USD) | 1.3554 | 1.3504 | (0.4) |
| USD/JPY (JPY / 1 USD) | 147.19 | 147.89 | (0.5) |
| USD/INR (INR / 1 USD) | 87.57 | 87.35 | 0.2 |
| USD/CNY (CNY / 1 USD) | 7.1845 | 7.1849 | 0 |
| DXY Index | 97.85 | 98.17 | 0.3 |

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



- Except Germany and Japan, other global yields closed higher. US 10Y yield rose by 2bps, as investors monitor developments around Russia-Ukraine peace deal, minutes of Fed meeting, and Chair Powell's speech for signals regarding the rate trajectory. India's 10Y yield rose sharply by 10bps, as investors monitor fiscal impact of GST overhaul. It is trading higher at 6.51% today.

Fig 3 – Bond 10Y yield

| | 15-08-2025 | 18-08-2025 | Change, bps |
|---------|------------|------------|-------------|
| US | 4.32 | 4.33 | 2 |
| UK | 4.70 | 4.74 | 4 |
| Germany | 2.79 | 2.76 | (2) |
| Japan | 1.57 | 1.57 | 0 |
| China | 1.75 | 1.78 | 4 |
| India | 6.40 | 6.50 | 10 |

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

Fig 4 – Short term rates

| | 14-08-2025 | 18-08-2025 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days | 5.45 | 5.44 | (1) |
| Tbill-182 days | 5.53 | 5.53 | 0 |
| Tbill-364 days | 5.55 | 5.55 | 0 |
| G-Sec 2Y | 5.76 | 5.86 | 10 |
| India OIS-2M | 5.50 | 5.50 | 0 |
| India OIS-9M | 5.47 | 5.50 | 3 |
| SONIA int rate benchmark | 3.97 | 3.97 | 0 |
| US SOFR | 4.34 | 4.36 | 2 |

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

Fig 5 – Liquidity

| Rs tn | 14-08-2025 | 18-08-2025 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 3.0 | 3.1 | 0.1 |
| Reverse Repo | 0 | 1.8 | 1.8 |
| 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

| | 13-08-2025 | 14-08-2025 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | 217.8 | 370.9 | 153.1 |
| Debt | 476.0 | 509.1 | 33.1 |
| Equity | (258.2) | (138.1) | 120.1 |
| Mutual funds (Rs cr) | 893.7 | 6,404.5 | 5,510.8 |
| Debt | (1,842.9) | 1,038.6 | 2,881.6 |
| Equity | 2,736.6 | 5,365.8 | 2,629.2 |

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 12 Aug and 13 Aug 2025

- Oil prices rose a tad, as investors monitor signals from US-Ukraine meet.

Fig 7 – Commodities

| | 15-08-2025 | 18-08-2025 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl) | 65.9 | 66.6 | 1.1 |
| Gold (US\$/ Troy Ounce) | 3,336.2 | 3,332.7 | (0.1) |
| Copper (US\$/ MT) | 9,679.8 | 9,636.3 | (0.4) |
| Zinc (US\$/MT) | 2,789.8 | 2,768.4 | (0.8) |
| Aluminium (US\$/MT) | 2,607.0 | 2,588.5 | (0.7) |

Source: Bloomberg, Bank of Baroda Research



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