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Global markets sentiments hovered around ongoing tariff turmoil and anticipation of elevated borrowing costs. Equity indices were broadly weighed down albeit upbeat corporate earnings. Fed Officials (Governor Adriana Kugler and St. Louis Fed President Alberto Musalem) hinted at inflationary risks and hence uncertain policy outlook. In separate news, US Treasury Secretary's comments on keeping share of long-term securities in check, might lend support to yields due to restrained supply. On macro front, US jobless claims softened, UK's CBI total order books data showed some pick up, Germany's PPI data continued to show sequential decline and CPI in Japan remained sticky especially core. On domestic front, RBI's liquidity infusion measures continued with long term VRR (45 days announced). This will keep both long and short end yields stable.

- Global markets ended weaker monitoring President Trump's latest tariff threats and lack of progress in resolution of the Russia-Ukraine conflict. Nikkei slid by 1.2% weighed down by a stronger yen. Stocks in China closed stable as PBOC kept rates on hold. Sensex fell by 0.3%, led by losses in banking stocks. It is trading further weaker today, while other Asian stocks are trading mostly higher.

Fig 1 – Stock markets

	19-02-2025	20-02-2025	Change, %
Dow Jones	44,628	44,177	(1.0)
S & P 500	6,144	6,118	(0.4)
FTSE	8,713	8,663	(0.6)
Nikkei	39,165	38,678	(1.2)
Hang Seng	22,944	22,577	(1.6)
Shanghai Comp	3,352	3,351	0
Sensex	75,939	75,736	(0.3)
Nifty	22,933	22,913	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Global currencies appreciated, tracking a weaker dollar. JPY rose to a ~2-month high buoyed by safe-haven demand. EUR also appreciated led by an uptick in consumer confidence index. INR ended stronger, led by positive global cues. It is trading further stronger today, in line with other Asian peers.

Fig 2 – Currencies

	19-02-2025	20-02-2025	Change, %
EUR/USD (1 EUR / USD)	1.0423	1.0501	0.7
GBP/USD (1 GBP / USD)	1.2586	1.2669	0.7
USD/JPY (JPY / 1 USD)	151.4700	149.6400	1.2
USD/INR (INR / 1 USD)	86.9487	86.6663	0.3
USD/CNY (CNY / 1 USD)	7.2788	7.2429	0.5
DX Index	107.1730	106.3720	(0.7)

Source: Bloomberg, Bank of Baroda Research| Note: INR was closed on 19 Feb 2025, (-) indicates depreciation



- Global yields closed mixed. US 10Y yield softened monitoring a weaker dollar. German's 10Y yield inched down as PPI data inched down. Japan's 10Y yield was supported by BoJ Governor's comments on bond buying. China's 10Y yield stiffened as monetary policy actions fell short of expectations. India's 10Y inched up by 2bps and is trading at the same level today.

Fig 3 – Bond 10Y yield

	19-02-2025	20-02-2025	Change, bps
US	4.53	4.51	(3)
UK	4.61	4.61	0
Germany	2.56	2.53	(2)
Japan	1.44	1.45	1
China	1.69	1.72	3
India	6.69	6.70	2

Source: Bloomberg, Bank of Baroda Research| Note: India's 10Y trading was closed on 19 Feb 2025

Fig 4 – Short term rates

	19-02-2025	20-02-2025	Change, bps
Tbill-91 days	6.44	6.40	(4)
Tbill-182 days	6.55	6.54	(1)
Tbill-364 days	6.54	6.55	1
G-Sec 2Y	6.62	6.62	0
India OIS-2M	6.50	6.50	0
India OIS-9M	6.30	6.30	0
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.37	4.35	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	19-02-2025	20-02-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(1.7)	(1.9)	(0.2)
Reverse Repo	0	0	0
Repo*	1.8	1.8	0

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

Fig 6 – Capital market flows

	17-02-2025	18-02-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(407.3)	713.8	1121.1
Debt	(162.7)	(230.9)	(68.3)
Equity	(244.6)	944.7	1189.3
Mutual funds (Rs cr)	908.9	(1,502.0)	(2,410.9)
Debt	(1,231.1)	(4,662.0)	(3,430.9)
Equity	2,140.0	3,160.0	1,020.0

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 13 Feb and 14 Feb 2025

- Oil prices rose tracking drawdown in US inventories.

Fig 7 – Commodities

	19-02-2025	20-02-2025	Change, %
Brent crude (US\$/bbl)	76.0	76.5	0.6
Gold (US\$/ Troy Ounce)	2933.4	2939.0	0.2
Copper (US\$/ MT)	9425.9	9532.1	1.1
Zinc (US\$/MT)	2839.4	2883.0	1.5
Aluminium (US\$/MT)	2687.0	2727.5	1.5

Source: Bloomberg, Bank of Baroda Research



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