

**MORNING MOCHA**

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Amidst escalating tariff war and rising tensions between the US government and the central bank, US stocks declined, dollar weakened, treasury yields inched up and gold prices also jumped. Recently, US announced upto 3,521% tariff on solar imports from certain south east Asian countries (mainly Cambodia, Malaysia, Thailand and Vietnam). Domestically, to protect Indian steel producers, central government has decided to levy 12% temporary tariffs on certain steel imports from China. Also, in a major relief to the banking sector, RBI released the final guidelines for LCR by banks (to be implemented from Apr'26), which are more liberal than draft rules. Trimmed run-off factor rates for stable deposits (7.5%) and less stable deposits (12%) was a key change. Further, run-off factor for funding from non-financial entities has also been reduced from 100% to 40%.

- Global indices ended mixed. US indices closed lower as investor monitored US President's remarks on Fed Chair. Notably, corporate earnings will remain in focus. Sensex continued its upward momentum led by a rally in power and real estate stocks. However, it is trading lower today while other Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	18-04-2025	21-04-2025	Change, %
Dow Jones	39,142	38,170	(2.5)
S & P 500	5,283	5,158	(2.4)
FTSE	8,276	8,276	0.0
Nikkei	34,730	34,280	(1.3)
Hang Seng	21,057	21,395	1.6
Shanghai Comp	3,277	3,291	0.4
Sensex	78,553	79,409	1.1
Nifty	23,852	24,126	1.1

Source: Bloomberg, Bank of Baroda Research| Note: Markets in UK and HK were closed on 21 Apr 2025

- Global currencies ended higher. The dollar index weakened to a 3-year low as the US-Sino trade conflict intensified. Notably, the EUR gained strength as it emerged as a viable alternative. INR appreciated given lower crude prices. It is trading weaker today, other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	18-04-2025	21-04-2025	Change, %
EUR/USD (1 EUR / USD)	1.1365	1.1515	1.3
GBP/USD (1 GBP / USD)	1.3244	1.3266	0.2
USD/JPY (JPY / 1 USD)	142.18	140.86	0.9
USD/INR (INR / 1 USD)	85.38	85.14	0.3
USD/CNY (CNY / 1 USD)	7.2997	7.2918	0.1
DXI Index	99.38	98.28	(1.1)

Source: Bloomberg, Bank of Baroda Research| Note: Brackets indicate depreciation against US\$; Markets in Europe were closed on 21 Apr 2025



- Barring US and China, 10Y yields elsewhere declined. The US 10Y rose sharply by 9bps, as increased strains between the US government and central bank kept investor demand on edge. India's 10Y yield fell by 6bps, supported by hopes of further rate cut by RBI in the near-term and more liquidity infusion measures. Tracking global cues, it is trading a tad higher today at 6.33%.

**Fig 3 – Bond 10Y yield**

	18-04-2025	21-04-2025	Change, bps
US	4.32	4.41	9
UK	4.60	4.57	(4)
Germany	2.51	2.47	(4)
Japan	1.29	1.29	(1)
China	1.65	1.66	1
India	6.37	6.32	(6)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Europe were closed on 21 Apr 2025

**Fig 4 – Short term rates**

	17-04-2025	21-04-2025	Change, bps
Tbill-91 days	5.89	5.91	2
Tbill-182 days	5.96	5.96	0
Tbill-364 days	5.94	5.97	3
G-Sec 2Y	6.05	5.99	(6)
India OIS-2M	5.92	5.89	(3)
India OIS-9M	5.74	5.69	(5)
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.31	4.32	1

Source: Bloomberg, Bank of Baroda Research| Note: All markets were closed on 18 Apr 2025

**Fig 5 – Liquidity**

Rs tn	17-04-2025	21-04-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.1	0.5	(1.6)
Reverse Repo	0	0	0
Repo*	0	0.3	0.3

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

**Fig 6 – Capital market flows**

	16-04-2025	17-04-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	339.2	471.0	131.8
Debt	(130.8)	(33.6)	97.3
Equity	470.1	504.5	34.5
Mutual funds (Rs cr)	(6,608.6)	938.2	7,546.8
Debt	(4,138.8)	4,444.3	8,583.1
Equity	(2,469.8)	(3,506.1)	(1,036.3)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 16 and 17 Apr 2025

- Oil prices fell, reacting to progress around US-Iran talks, and demand concerns.

**Fig 7 – Commodities**

	17-04-2025	21-04-2025	Change, %
Brent crude (US\$/bbl)	68.0	66.3	(2.5)
Gold (US\$/ Troy Ounce)	3326.9	3424.0	2.9
Copper (US\$/ MT)	9171.3	9161.0	(0.1)
Zinc (US\$/MT)	2550.4	2541.5	(0.4)
Aluminium (US\$/MT)	2382.0	2365.5	(0.7)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Europe were closed on 21 Apr 2025



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