

MORNING MOCHA

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IMF in its latest update on global economic outlook has acknowledged that the ongoing trade war will have a “major negative shock” on overall growth prospects. In these uncertain times, investments are expected to get paused/reduced, credit to businesses will also take a hit. As a result, global growth is now expected at 2.8% in CY25 versus 3.3% estimated in Jan’25. Growth in US is also going to be lower at 1.8% (2.7% earlier). Inflation in advanced economies will be higher, particularly in the US (3% versus 2% earlier). These developments will also impact India (FY26 GDP at 6.2% versus 6.5%). Looking at high frequency data, Australia’s both manufacturing (51.7 versus 52.1 in Mar’25) and services (51.4 versus 51.6) activity slowed in Apr’25. In Japan, pace of contraction in manufacturing sector eased in Apr’25 (48.9 versus 46.6), and services activity improved (52.2 versus 50).

- Barring Nikkei, other global indices ended higher. US indices closed in green amidst optimism surrounding a possible trade deal between US and China. Additionally, positive remarks by US President on Fed chair boosted investor sentiments. Sensex advanced further with gains in real estate and consumer durable stocks. It is trading higher today in line with other Asian stocks.

Fig 1 – Stock markets

	21-04-2025	22-04-2025	Change, %
Dow Jones	38,170	39,187	2.7
S & P 500	5,158	5,288	2.5
FTSE	8,276	8,329	0.6
Nikkei	34,280	34,221	(0.2)
Hang Seng	21,395	21,562	0.8
Shanghai Comp	3,291	3,300	0.3
Sensex	79,409	79,596	0.2
Nifty	24,126	24,167	0.2

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

- Except GBP, other global currencies ended lower. DXY strengthened in a relief rally amidst de-escalation of trade tensions between US and China. EUR slid given the return of risk-on sentiment. INR depreciated amidst higher crude prices. It is trading weaker today, other Asian currencies are trading mixed.

Fig 2 – Currencies

	21-04-2025	22-04-2025	Change, %
EUR/USD (1 EUR / USD)	1.1515	1.1421	(0.8)
GBP/USD (1 GBP / USD)	1.3266	1.3332	0.5
USD/JPY (JPY / 1 USD)	140.86	141.57	(0.5)
USD/INR (INR / 1 USD)	85.14	85.20	(0.1)
USD/CNY (CNY / 1 USD)	7.2918	7.3074	(0.2)
DXY Index	98.28	98.92	0.7

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



- Barring Japan and India, 10Y yields declined elsewhere. Yields fell the most in Germany and UK, followed by the US. ECB's stance to stand ready to support growth, cooled yields down. In the US, mixed-safe haven demand pulled long-term yields down and pushed short-term yields higher. India's 10Y yield closed flat. Tracking global cues, it is trading lower today at 6.30%.

Fig 3 – Bond 10Y yield

	21-04-2025	22-04-2025	Change, bps
US	4.41	4.40	(1)
UK	4.57	4.55	(2)
Germany	2.47	2.44	(3)
Japan	1.29	1.32	3
China	1.66	1.65	(1)
India	6.32	6.32	0

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

Fig 4 – Short term rates

	21-04-2025	22-04-2025	Change, bps
Tbill-91 days	5.91	5.90	(1)
Tbill-182 days	5.96	5.95	(1)
Tbill-364 days	5.97	5.96	(1)
G-Sec 2Y	5.99	6.02	4
India OIS-2M	5.89	5.90	1
India OIS-9M	5.69	5.71	2
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.32	4.32	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	21-04-2025	22-04-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.5	0.4	(0.1)
Reverse Repo	0	0	0
Repo*	0.3	0.3	0

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

Fig 6 – Capital market flows

	17-04-2025	21-04-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	471.0	309.7	(161.3)
Debt	(33.6)	104.2	137.8
Equity	504.5	205.4	(299.1)
Mutual funds (Rs cr)	938.2	(5,540.4)	(6,478.7)
Debt	4,444.3	(4,729.6)	(9,173.9)
Equity	(3,506.1)	(810.8)	2,695.2

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

- Oil prices recovered, tracking news of fresh US sanctions on Iran.

Fig 7 – Commodities

	21-04-2025	22-04-2025	Change, %
Brent crude (US\$/bbl)	66.3	67.4	1.8
Gold (US\$/ Troy Ounce)	3424.0	3380.6	(1.3)
Copper (US\$/ MT)	9161.0	9352.5	2.1
Zinc (US\$/MT)	2541.5	2554.0	0.5
Aluminium (US\$/MT)	2365.5	2380.0	0.6

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



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