

MORNING MOCHA

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ECONOMIST
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Latest flash PMIs indicate that manufacturing activity in the US improved in Apr'25 (50.7 from 50.2 in Mar'25), even as output prices rose to 29-month high, driven by tariffs. Service sector activity eased (51.4 versus 54.4). New home sales jumped by 7.4% (MoM) in Mar'25 to 724k, supported by lower mortgage rates. Elsewhere in Europe, contraction in manufacturing moderated in Germany and France, while it quickened in UK. In both Eurozone and UK, services activity fell into contraction in Apr'25. In Asia, South Korea's Q1CY25 GDP fell by (-) 0.1% (est.: +0.1%)—first contraction since Q4CY20, and lower than 1.2% rise in Q4CY24, due to 12.4% decline in construction output. Domestically, minutes of RBI's Apr'25 meeting reflected a dovish stance. All members agreed that less restrictive policy was needed to support growth, amidst global tariff shocks, given inflation is under control.

- Barring Shanghai Comp, other global indices rallied higher. US indices gathered further momentum amidst softer stance by US on possibly levying lower tariffs on China. Technology and consumer discretionary stocks were the biggest gainers. Sensex closed in green with gains in IT and auto stocks. However, it is trading lower today while other Asian stocks are trading mixed.

Fig 1 – Stock markets

	22-04-2025	23-04-2025	Change, %
Dow Jones	39,187	39,607	1.1
S & P 500	5,288	5,376	1.7
FTSE	8,329	8,403	0.9
Nikkei	34,221	34,869	1.9
Hang Seng	21,562	22,073	2.4
Shanghai Comp	3,300	3,296	(0.1)
Sensex	79,596	80,116	0.7
Nifty	24,167	24,329	0.7

Source: Bloomberg, Bank of Baroda Research

- Except CNY, other global currencies ended lower. Greenback gained amidst signs of easing trade tensions given flexibility in negotiations. Yen slid, due to lower demand for safe haven. INR depreciated and is trading weaker even today. Asian currencies are trading mixed.

Fig 2 – Currencies

	22-04-2025	23-04-2025	Change, %
EUR/USD (1 EUR / USD)	1.1421	1.1316	(0.9)
GBP/USD (1 GBP / USD)	1.3332	1.3254	(0.6)
USD/JPY (JPY / 1 USD)	141.57	143.45	(1.3)
USD/INR (INR / 1 USD)	85.20	85.42	(0.3)
USD/CNY (CNY / 1 USD)	7.3074	7.2871	0.3
DXI Index	98.92	99.84	0.9

Source: Bloomberg, Bank of Baroda Research| Note: Brackets indicate depreciation against US dollar



- Barring US, 10Y yields rose elsewhere. US 10Y yield eased as Trump administration softened its stance on trade war with China. This helped recover investor sentiments globally. India's 10Y yield rose a tad by 1bps, even as oil prices declined. Tracking global cues, it is trading higher today at 6.35%.

Fig 3 – Bond 10Y yield

	22-04-2025	23-04-2025	Change, bps
US	4.40	4.38	(2)
UK	4.55	4.55	1
Germany	2.44	2.50	5
Japan	1.32	1.34	2
China	1.65	1.66	1
India	6.32	6.33	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	22-04-2025	23-04-2025	Change, bps
Tbill-91 days	5.90	5.89	(1)
Tbill-182 days	5.95	5.94	(1)
Tbill-364 days	5.96	5.95	(1)
G-Sec 2Y	6.02	6.02	0
India OIS-2M	5.90	5.91	1
India OIS-9M	5.71	5.73	2
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.32	4.30	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	22-04-2025	23-04-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.4	0.8	0.4
Reverse Repo	0	0	0
Repo*	0.3	0.3	0

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

Fig 6 – Capital market flows

	21-04-2025	22-04-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	309.7	86.5	(223.2)
Debt	104.2	(144.5)	(248.7)
Equity	205.4	230.9	25.5
Mutual funds (Rs cr)	(5,540.4)	1,593.3	7,133.7
Debt	(4,729.6)	1,414.5	6,144.1
Equity	(810.8)	178.8	989.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 17 and 21 Apr 2025

- Oil prices fell, as news reports indicate OPEC's plans to ramp up production in May and Jun'25.

Fig 7 – Commodities

	22-04-2025	23-04-2025	Change, %
Brent crude (US\$/bbl)	67.4	66.1	(2.0)
Gold (US\$/ Troy Ounce)	3380.6	3288.3	(2.7)
Copper (US\$/ MT)	9352.5	9363.4	0.1
Zinc (US\$/MT)	2554.0	2598.6	1.7
Aluminium (US\$/MT)	2380.0	2432.0	2.2

Source: Bloomberg, Bank of Baroda Research



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