

MORNING MOCHA

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ECONOMIST
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Flash global PMIs show that manufacturing activity contracted at a faster pace in Mar'25 in the US (49.8 versus 52.7 in Feb'25) and UK (44.6 versus 46.9) and at a slower pace in Eurozone (48.7 versus 47.6). In contrast, services activity improved in the US (54.3 versus 51.0) and UK (53.2 versus 51.0), but slowed in Eurozone (50.4 versus 50.6), led by Germany. In the US, future optimism level declined, while cost pressures, across both sector increased. Domestically, RBI announced slew of measures to ensure adequate credit flow to priority sectors. Under PSL norms, central bank has increased the limit for housing loans to Rs 50/45/35 lakh, for renewable sector to Rs 35 cr (non-individual)/Rs 10 lakh (individual borrower), and has removed the cap on loans to women by UCBs. Further, the overall PSL target for UCBs has also been revised to 60% versus 65% for this year decided earlier.

- Barring FTSE and Nikkei, other indices ended higher. Investors monitored the news of President Trump possibly scaling back on tariff plan to a more targeted approach. Furthermore, dovish commentary by Fed officials on inflation also boosted sentiments. Sensex solidified further gains with rally noted across sectors. It is trading higher today while other Asian indices are trading mixed.

Fig 1 – Stock markets

	21-03-2025	24-03-2025	Change, %
Dow Jones	41,985	42,583	1.4
S & P 500	5,668	5,768	1.8
FTSE	8,647	8,638	(0.1)
Nikkei	37,677	37,608	(0.2)
Hang Seng	23,690	23,906	0.9
Shanghai Comp	3,365	3,370	0.2
Sensex	76,906	77,984	1.4
Nifty	23,350	23,658	1.3

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY firmed up supported by robust services PMI and optimism surrounding tariffs plan. JPY weakened amidst contraction noted in PMIs along with fading safe haven demand. INR appreciated, with return of FIIs. It is trading weaker today; Asian currencies are trading mixed.

Fig 2 – Currencies

	21-03-2025	24-03-2025	Change, %
EUR/USD (1 EUR / USD)	1.0818	1.0801	(0.2)
GBP/USD (1 GBP / USD)	1.2919	1.2923	0
USD/JPY (JPY / 1 USD)	148.78	150.70	(1.3)
USD/INR (INR / 1 USD)	85.97	85.64	0.4
USD/CNY (CNY / 1 USD)	7.2518	7.2607	(0.1)
DXY Index	104.09	104.26	0.2

Source: Bloomberg, Bank of Baroda Research | Note: Figures in brackets indicate depreciation against the dollar



- Global 10Y yields closed mixed. US 10Y yield rose the most (9bps), as fears of all-out trade war eased, thus raising hopes of smaller impact on economic growth. Continued momentum in services activity in the US also boosted investor sentiments. India's 10Y yield ended flat, but is trading a tad higher today (6.64%), tracking global cues and rise in oil prices.

Fig 3 – Bond 10Y yield

	21-03-2025	24-03-2025	Change, bps
US	4.25	4.33	9
UK	4.71	4.71	0
Germany	2.77	2.77	1
Japan	1.52	1.55	3
China	1.85	1.83	(2)
India	6.63	6.63	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	21-03-2025	24-03-2025	Change, bps
Tbill-91 days	6.47	6.45	(2)
Tbill-182 days	6.54	6.52	(2)
Tbill-364 days	6.48	6.46	(2)
G-Sec 2Y	6.48	6.47	(1)
India OIS-2M	6.33	6.33	0
India OIS-9M	6.11	6.11	0
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.29	4.30	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	21-03-2025	24-03-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(2.1)	(1.9)	0.2
Reverse Repo	0	0	0
Repo*	1.8	2.3	0.5

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

Fig 6 – Capital market flows

	20-03-2025	21-03-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	719.5	726.8	7.3
Debt	350.9	116.3	(234.5)
Equity	368.7	610.5	241.8
Mutual funds (Rs cr)	(7,229.2)	(6,551.3)	677.9
Debt	(7,776.9)	(7,557.0)	219.9
Equity	547.7	1,005.8	458.0

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 18 Mar and 19 Mar 2025

- Oil prices rose as Trump administration targets Venezuelan oil exports.

Fig 7 – Commodities

	21-03-2025	24-03-2025	Change, %
Brent crude (US\$/bbl)	72.2	73.0	1.2
Gold (US\$/ Troy Ounce)	3022.2	3011.0	(0.4)
Copper (US\$/ MT)	9813.5	9916.5	1.0
Zinc (US\$/MT)	2909.5	2932.2	0.8
Aluminium (US\$/MT)	2622.5	2615.5	(0.3)

Source: Bloomberg, Bank of Baroda Research



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