

MORNING MOCHA

28 March 2025

ECONOMIST
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US GDP growth for Q4CY24 (3rd estimate) was revised upward to 2.4% from 2.3% earlier (3.1% in Q3). This was led by higher than estimated consumer and government spending. Pending home sales rose by 2% (est.: 1.5%) in Feb'25, following (-) 4.6% decline in Jan'25. Improved weather conditions and lower mortgage rates helped. Initial jobless claims for the week ending 22 Mar'25 fell by 1k to 224k, while continuing claims (4-week average) rose by 2.25k to 1.87mn. Separately in Asia, China's industrial profits in Jan-Feb'25 fell by (-) 0.3% following 11% increase in Dec'24. Trade war with US impacted profit margins of Chinese firms as importers bargained for price cuts. Domestically, central government announced borrowing calendar of Rs 8 lakh cr for H1FY26 (est.: Rs 8.4 lakh cr), wherein it plans to lower the supply of ultra-long dated papers and increase that of short-term papers.

- Global indices closed mixed. Investors turned cautious as they continue to monitor tariff announcements, which are expected to delay rate cuts by Fed. Overall uncertainty weighed on investor sentiments, with auto stocks taking a hit globally. Sensex advanced, reflecting domestic resilience with gains in real estate stocks. However, it is trading lower today in line with Asian indices.

Fig 1 – Stock markets

	26-03-2025	27-03-2025	Change, %
Dow Jones	42,455	42,300	(0.4)
S & P 500	5,712	5,693	(0.3)
FTSE	8,690	8,666	(0.3)
Nikkei	38,027	37,800	(0.6)
Hang Seng	23,483	23,579	0.4
Shanghai Comp	3,369	3,374	0.1
Sensex	77,289	77,606	0.4
Nifty	23,487	23,592	0.4

Source: Bloomberg, Bank of Baroda Research

- Barring JPY and INR, global currencies closed lower. DXY softened ahead of crucial PCE data. GBP made a quick recovery awaiting GDP and retail sales print. INR depreciated amidst higher dollar demand from importers at month end. It is trading stronger today; Asian currencies are trading mixed.

Fig 2 – Currencies

	26-03-2025	27-03-2025	Change, %
EUR/USD (1 EUR / USD)	1.0754	1.0801	0.4
GBP/USD (1 GBP / USD)	1.2888	1.2949	0.5
USD/JPY (JPY / 1 USD)	150.57	151.05	(0.3)
USD/INR (INR / 1 USD)	85.72	85.79	(0.1)
USD/CNY (CNY / 1 USD)	7.2683	7.2622	0.1
DXY Index	104.55	104.34	(0.2)

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



- Global 10Y yields closed mixed. UK's 10Y yield rose the most, as FM Reeves announced 2nd highest borrowing program on record, with long-dated securities issuance falling to its lowest levels. Yields in US were buoyed by positive macro data. India's 10Y yield closed flat and is trading steady today as well, even as government announced lower than expected borrowing calendar for H1FY26.

Fig 3 – Bond 10Y yield

	26-03-2025	27-03-2025	Change, bps
US	4.35	4.36	1
UK	4.73	4.78	6
Germany	2.80	2.77	(2)
Japan	1.59	1.59	0
China	1.80	1.81	0
India	6.60	6.60	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	26-03-2025	27-03-2025	Change, bps
Tbill-91 days	6.48	6.51	3
Tbill-182 days	6.53	6.47	(6)
Tbill-364 days	6.46	6.44	(2)
G-Sec 2Y	6.46	6.47	1
India OIS-2M	6.31	6.25	(6)
India OIS-9M	6.11	6.08	(3)
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.33	4.35	2

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	26-03-2025	27-03-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.4)	(0.1)	0.3
Reverse Repo	0	0	0
Repo*	1.8	1.8	0

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

Fig 6 – Capital market flows

	25-03-2025	26-03-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	552.1	129.9	(422.2)
Debt	(112.7)	(156.4)	(43.7)
Equity	664.7	286.2	(378.5)
Mutual funds (Rs cr)	(7,965.4)	(6,914.2)	1,051.2
Debt	(7,003.1)	(2,649.3)	4,353.8
Equity	(962.3)	(4,264.9)	(3,302.5)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 24 Mar and 25 Mar 2025

- Oil prices rose further, over concerns of tighter supplies.

Fig 7 – Commodities

	26-03-2025	27-03-2025	Change, %
Brent crude (US\$/bbl)	73.8	74.0	0.3
Gold (US\$/ Troy Ounce)	3019.4	3057.3	1.3
Copper (US\$/ MT)	9883.2	9800.2	(0.8)
Zinc (US\$/MT)	2934.6	2877.4	(1.9)
Aluminium (US\$/MT)	2607.0	2562.5	(1.7)

Source: Bloomberg, Bank of Baroda Research



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