

**MORNING MOCHA**

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Global markets traded cautiously as investors monitored developments surrounding US trade policies. Even as EU averted a steep 30% tariff on its exports, countries such as France and Germany stated that the 15% tariff under the deal is still likely to impact exports. US President also threatened that trading partners who do not negotiate a trade deal are likely to face a blanket tariff of 15-20%. At the same time, US and China continued talks to extend the trade truce by another 90 days, while working on a broader trade agreement. Focus is likely to remain on trade deals, despite key data releases from the US and central bank meetings in the US and Japan. In India, IIP growth stood at 1.5% in Jun'25. Separately, the Ministry of Finance has expressed confidence in India's growth prospects supported by robust rainfall, low inflation, buoyant services sector activity and consumption demand.

- Global indices closed mixed ahead of major macro releases and corporate earnings. Nikkei fell the most awaiting BoJ's policy decision. Hang Seng picked up, led by financial stocks. Shanghai Comp also inched up monitoring trade talks between US and China. Sensex ended weaker, led by real estate stocks. It is trading higher today, while Asian stocks are trading lower.

**Fig 1 – Stock markets**

	25-07-2025	28-07-2025	Change, %
Dow Jones	44,902	44,838	(0.1)
S & P 500	6,389	6,390	0
FTSE	9,120	9,081	(0.4)
Nikkei	41,456	40,998	(1.1)
Hang Seng	25,388	25,562	0.7
Shanghai Comp	3,594	3,598	0.1
Sensex	81,463	80,891	(0.7)
Nifty	24,837	24,681	(0.6)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended weaker as the dollar strengthened. DXY rose by 1% after the announcement of US-EU trade deal. EUR dipped by 1.3% as investors assessed the finer blueprints of the deal and its impact on growth. INR closed at a 1-month low. However, it is trading stronger today, in line with Asian peers.

**Fig 2 – Currencies**

	25-07-2025	28-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1742	1.1589	(1.3)
GBP/USD (1 GBP / USD)	1.3438	1.3356	(0.6)
USD/JPY (JPY / 1 USD)	147.69	148.53	(0.6)
USD/INR (INR / 1 USD)	86.52	86.66	(0.2)
USD/CNY (CNY / 1 USD)	7.1695	7.1788	(0.1)
DXY Index	97.65	98.63	1.0

Source: Bloomberg, Bank of Baroda Research



- 10Y yields in US and UK firmed up. For US, risk-on sentiment dominated ahead of Fed policy. In UK, rise in BRC shop price data supported its yield. Japan's 10Y yield softened, monitoring buoyant demand for its 2-year paper. India's 10Y yield rose by 2bps tracking movement of system liquidity. It is trading flat today.

**Fig 3 – Bond 10Y yield**

	25-07-2025	28-07-2025	Change, bps
US	4.39	4.41	2
UK	4.64	4.65	1
Germany	2.72	2.69	(3)
Japan	1.61	1.57	(3)
China	1.74	1.72	(2)
India	6.35	6.37	2

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	25-07-2025	28-07-2025	Change, bps
Tbill-91 days	5.35	5.37	2
Tbill-182 days	5.49	5.49	0
Tbill-364 days	5.54	5.52	(2)
G-Sec 2Y	5.69	5.71	2
India OIS-2M	5.45	5.44	(1)
India OIS-9M	5.50	5.50	0
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.30	4.36	6

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	25-07-2025	28-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.9	2.2	(0.7)
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	24-07-2025	25-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(386.5)	(159.8)	226.7
Debt	(155.3)	4.3	159.6
Equity	(231.2)	(164.1)	67.1
Mutual funds (Rs cr)	2,252.1	(3,675.1)	(5,927.1)
Debt	(2,153.2)	(5,177.1)	(3,023.9)
Equity	4,405.2	1,502.0	(2,903.2)

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

- Oil prices rose as progress in US trade negotiations boosted demand outlook.

**Fig 7 – Commodities**

	25-07-2025	28-07-2025	Change, %
Brent crude (US\$/bbl)	68.4	70.0	2.3
Gold (US\$/ Troy Ounce)	3,337.3	3,314.6	(0.7)
Copper (US\$/ MT)	9,715.8	9,738.7	0.2
Zinc (US\$/MT)	2,821.5	2,815.6	(0.2)
Aluminium (US\$/MT)	2,635.5	2,631.5	(0.2)

Source: Bloomberg, Bank of Baroda Research



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