

MORNING MOCHA

02 May 2025

ECONOMIST

Aditi Gupta

US-China trade tensions eased as both the nations expressed willingness to start trade negotiations. Earlier, US Trade Representative also stated that trade deals with some of US' major trading partners are likely within weeks, providing comfort to global markets, amidst weak macro data. In the US, signs of cooling labour market (jobless claims rose by 18,000) and weakening manufacturing activity (ISM PMI at 48.7 in Apr'25), raised fresh concerns. This comes on the heels of a dismal GDP report, which showed that US GDP shrank by 0.3% in Q1 2025. Separately, Bank of Japan also revised its growth estimates lower amidst tariff related uncertainty, while keeping its policy rate on hold. However, signalling robust domestic demand, GST collections in India rose to a record high of Rs. 2.4 lakh crores in Apr'25, registering a growth of 12.6% on a YoY basis.

- Equity indices broadly closed higher. Investor sentiments were supported by upbeat corporate earnings of major technology companies. Apart from this, anticipation of possible trade negotiations between US and China as hinted by China's Commerce minister, also remained positive for markets. Sensex is trading higher today, while Asian stocks are trading mixed.

Fig 1 – Stock markets

	30-04-2025	01-05-2025	Change, %
Dow Jones	40,669	40,753	0.2
S & P 500	5,569	5,604	0.6
FTSE	8,495	8,497	0
Nikkei	36,045	36,452	1.1
Hang Seng	22,008	22,119	0.5
Shanghai Comp	3,287	3,279	(0.2)
Sensex	80,288	80,242	(0.1)
Nifty	24,336	24,334	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India, China and Hong Kong were closed on 01 May 2025

- Global currencies ended mixed. DXY rose by 0.8% recovering some of its losses as investors await the jobs report. JPY depreciated sharply as BoJ trimmed its growth forecast. Despite a stronger than expected GDP report, EUR edged lower. INR is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	30-04-2025	01-05-2025	Change, %
EUR/USD (1 EUR / USD)	1.1328	1.1290	(0.3)
GBP/USD (1 GBP / USD)	1.3329	1.3278	(0.4)
USD/JPY (JPY / 1 USD)	143.07	145.39	(1.6)
USD/INR (INR / 1 USD)	85.26	84.50	0.9
USD/CNY (CNY / 1 USD)	7.2874	7.2714	0.2
DXY Index	99.47	100.25	0.8

Source: Bloomberg, Bank of Baroda Research | Note: Brackets indicate depreciation against US\$ | Markets in India and China were closed on 01 May



- US 10Y yield rose considerably amidst expectations of possible trade negotiations between US-China and US-Japan. Germany's 10Y yield also softened as inflation hit a 7-month low, suggesting a softer policy stance from ECB. Japan's 10Y yield also eased as BoJ hinted at delay in future rate hikes. India's 10Y yield rose a tad and is trading at 6.35% today.

Fig 3 – Bond 10Y yield

	30-04-2025	01-05-2025	Change, bps
US	4.16	4.22	6
UK	4.44	4.48	4
Germany	2.50	2.44	(5)
Japan	1.32	1.26	(6)
China	1.63	1.63	0
India	6.34	6.36	1

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India and China were closed on 01 May 2025

Fig 4 – Short term rates

	30-04-2025	01-05-2025	Change, bps
Tbill-91 days	5.88	5.89	1
Tbill-182 days	5.94	5.92	(2)
Tbill-364 days	5.89	5.90	1
G-Sec 2Y	6.03	6.02	(1)
India OIS-2M	5.87	5.87	0
India OIS-9M	5.66	5.66	0
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.36	4.41	5

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 01 May 2025

Fig 5 – Liquidity

Rs tn	29-04-2025	30-04-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.8	1.3	0.5
Reverse Repo	0	0	0
Repo*	0.3	0.3	0

Source: RBI, Bank of Baroda Research, *Includes LTRO | Note: Markets in India were closed on 01 May 2025

Fig 6 – Capital market flows

	28-04-2025	29-04-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	71.9	43.4	(28.5)
Debt	(222.7)	(232.6)	(9.9)
Equity	294.6	276.0	(18.6)
Mutual funds (Rs cr)	(838.8)	(2,083.0)	(1,244.2)
Debt	(3,654.9)	(5,390.5)	(1,735.6)
Equity	2,816.0	3,307.5	491.5

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 25 Apr and 28 Apr 2025

- Oil prices eased as macro indicators in the US and Asia remained muted.

Fig 7 – Commodities

	30-04-2025	01-05-2025	Change, %
Brent crude (US\$/bbl)	63.1	62.1	(1.6)
Gold (US\$/ Troy Ounce)	3288.7	3239.2	(1.5)
Copper (US\$/ MT)	9118.2	9239.9	1.3
Zinc (US\$/MT)	2557.1	2540.6	(0.6)
Aluminium (US\$/MT)	2399.5	2416.0	0.7

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com