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Ahead of the 1 Aug deadline, US President announced a barrage of tariff orders. India and Brazil's exports faced a tariff of 25% and 50% respectively, while the previously announced 50% tariff on copper pipes and wiring will also take effect from 1 Aug. Further, the de minimis exemption on small value imports was withdrawn. Additionally, a trade deal with Korea was announced with the tariff rate being set at 15%. Separately, central banks in both the US and Japan kept policy rates on hold. Fed Chair continued to advocate for a cautious approach to future rate cuts, even as 2 MPC members voted for a cut. On macro front, US GDP growth rebounded to 3% in Q2 (est. 2.4%) after a contraction of 0.3% in Q1, led largely by a sharp decline in imports. In China, the official manufacturing PMI dipped to 49.3 in Jul'25 from 49.7 in Jun'25, led by a continued weakness in new export orders.

- Global indices closed mixed monitoring trade related developments and slew of macro releases. US stocks moderated as Fed Chair cautioned about tariff risks to rate outlook. Shanghai Comp inched up, supported by positive sentiments around US-China trade talks. Sensex edged up, but is trading lower today on account of US tariff threats. Asian stocks are trading mixed.

Fig 1 – Stock markets

	29-07-2025	30-07-2025	Change, %
Dow Jones	44,633	44,461	(0.4)
S & P 500	6,371	6,363	(0.1)
FTSE	9,136	9,137	0
Nikkei	40,675	40,655	0
Hang Seng	25,524	25,177	(1.4)
Shanghai Comp	3,610	3,616	0.2
Sensex	81,338	81,482	0.2
Nifty	24,821	24,855	0.1

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended weaker. DXY climbed for the 4th straight session as investors pared back expectations of Fed rate cuts. EUR depreciated tracking a weakness in Germany's GDP growth. INR depreciated sharply and is trading at a record low today due to US tariff. Asian currencies are trading mixed.

Fig 2 – Currencies

	29-07-2025	30-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1547	1.1405	(1.2)
GBP/USD (1 GBP / USD)	1.3351	1.3237	(0.9)
USD/JPY (JPY / 1 USD)	148.46	149.51	(0.7)
USD/INR (INR / 1 USD)	86.82	87.43	(0.7)
USD/CNY (CNY / 1 USD)	7.1770	7.1972	(0.3)
DXY Index	98.89	99.82	0.9

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield firmed up by 5bps as traders pared down expectations of future rate cuts by the Fed. This is on account of inflationary risks from higher tariff rates flagged by the Fed Chair. 10Y yields of other economies broadly softened due to risk-off sentiment. India's 10Y yield rose a tad and is trading flat today. Some upward bias exists due to the impact of higher tariff imposed by the US.

Fig 3 – Bond 10Y yield

	29-07-2025	30-07-2025	Change, bps
US	4.32	4.37	5
UK	4.63	4.60	(3)
Germany	2.71	2.71	0
Japan	1.58	1.56	(2)
China	1.75	1.73	(2)
India	6.36	6.37	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	29-07-2025	30-07-2025	Change, bps
Tbill-91 days	5.37	5.40	3
Tbill-182 days	5.48	5.52	4
Tbill-364 days	5.51	5.56	5
G-Sec 2Y	5.71	5.71	0
India OIS-2M	5.44	5.43	(1)
India OIS-9M	5.49	5.47	(2)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.36	4.36	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	29-07-2025	30-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.7	2.5	(0.2)
Reverse Repo	1.3	1.7	0.4
Repo*	0	0	0

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

Fig 6 – Capital market flows

	28-07-2025	29-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(778.8)	(372.7)	406.1
Debt	(89.8)	52.5	142.2
Equity	(689.0)	(425.2)	263.9
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 23 Jul and 24 Jul 2025

- Oil prices rose amid looming tariff threats over purchase of Russian oil.

Fig 7 – Commodities

	29-07-2025	30-07-2025	Change, %
Brent crude (US\$/bbl)	72.5	73.2	1.0
Gold (US\$/ Troy Ounce)	3,326.6	3,275.2	(1.5)
Copper (US\$/ MT)	9,746.3	9,651.7	(1.0)
Zinc (US\$/MT)	2,801.1	2,782.8	(0.7)
Aluminium (US\$/MT)	2,605.5	2,601.0	(0.2)

Source: Bloomberg, Bank of Baroda Research



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