

MORNING MOCHA

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ECONOMIST

Jahnavi Prabhakar

In the US, jobs opening data surprised on the upside as it rose to 7.39mn in Apr'25 from 7.2mn in Mar'25. This was driven by private sector such as business and professional services, along with pickup noted in healthcare and social assistance. On the other hand, dip in government opening was on account of state and local education. This data comes ahead of the May jobs report which might offer more guidance on labour market. In South Korea, the opposition party won the elections and are expected to adopt an aggressive fiscal stimulus with the aim to revive the domestic economy. The equity market surged by 2%, highest since Aug'24 and the Korean Won strengthened.

- Except Japan and domestic indices, other global stocks ended higher. US indices continued the upward momentum with gains in chip-related stocks. Hang Seng soared on hopes of a trade deal between US and China. Sensex extended its losses with power and banking stocks leading the decline. However, it is trading stronger today, while Asian stocks are trading mixed.

Fig 1 – Stock markets

| | 02-06-2025 | 03-06-2025 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 42,305 | 42,520 | 0.5 |
| S & P 500 | 5,936 | 5,970 | 0.6 |
| FTSE | 8,774 | 8,787 | 0.1 |
| Nikkei | 37,471 | 37,447 | (0.1) |
| Hang Seng | 23,158 | 23,512 | 1.5 |
| Shanghai Comp | 3,347 | 3,362 | 0.4 |
| Sensex | 81,374 | 80,738 | (0.8) |
| Nifty | 24,717 | 24,543 | (0.7) |

Source: Bloomberg, Bank of Baroda Research | Note: China's market was closed on 2 June

- Most global currencies depreciated against a stronger dollar. DXY rose by 0.5%, amidst global growth worries, trade tensions and rising bond yields. Investors are hoping that talks between US and China will ease some tensions. JPY and EUR were the worst performers. INR also fell, and is trading further lower today, in line with other Asian currencies.

Fig 2 – Currencies

| | 02-06-2025 | 03-06-2025 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1441 | 1.1372 | (0.6) |
| GBP/USD (1 GBP / USD) | 1.3544 | 1.3517 | (0.2) |
| USD/JPY (JPY / 1 USD) | 142.71 | 143.97 | (0.9) |
| USD/INR (INR / 1 USD) | 85.39 | 85.59 | (0.2) |
| USD/CNY (CNY / 1 USD) | 7.1989 | 7.1883 | 0.1 |
| DXY Index | 98.71 | 99.23 | 0.5 |

Source: Bloomberg, Bank of Baroda Research | Note: China's market was closed on 2 June



- Major global 10Y yields closed mixed. US 10Y was up a tad, tracking ongoing trade tensions, worries around possible deterioration in fiscal conditions, and higher than expected job openings data. Yields in UK were impacted by OECD's outlook for the economy. India's 10Y yield fell by 1bps, and is trading flat today. The new benchmark security is trading lower at 6.20% today.

Fig 3 – Bond 10Y yield

| | 02-06-2025 | 03-06-2025 | Change, bps |
|---------|------------|------------|-------------|
| US | 4.44 | 4.45 | 1 |
| UK | 4.67 | 4.64 | (3) |
| Germany | 2.52 | 2.53 | 0 |
| Japan | 1.51 | 1.49 | (2) |
| China | 1.71 | 1.71 | 0 |
| India | 6.27 | 6.25 | (1) |

Source: Bloomberg, Bank of Baroda Research | Note: China's market was closed on 2 June

Fig 4 – Short term rates

| | 02-06-2025 | 03-06-2025 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days | 5.61 | 5.61 | 0 |
| Tbill-182 days | 5.61 | 5.61 | 0 |
| Tbill-364 days | 5.61 | 5.60 | (1) |
| G-Sec 2Y | 5.71 | 5.70 | (1) |
| India OIS-2M | 5.66 | 5.64 | (2) |
| India OIS-9M | 5.58 | 5.56 | (2) |
| SONIA int rate benchmark | 4.21 | 4.21 | 0 |
| US SOFR | 4.35 | 4.35 | 0 |

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

| Rs tn | 02-06-2025 | 03-06-2025 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 2.8 | 3.0 | 0.2 |
| Reverse Repo | 0 | 0 | 0 |
| Repo* | 0 | 0 | 0 |

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

Fig 6 – Capital market flows

| | 30-05-2025 | 02-06-2025 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | (1,771.1) | (268.5) | 1,502.7 |
| Debt | (1,185.7) | (22.0) | 1,163.7 |
| Equity | (585.4) | (246.5) | 338.9 |
| Mutual funds (Rs cr) | (1,370.8) | 5,466.7 | 6,837.5 |
| Debt | (3,037.7) | (2,513.2) | 524.5 |
| Equity | 1,666.9 | 7,979.9 | 6,313.0 |

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 29 May and 30 May 2025

- Oil prices rose to 2-week high, amidst rising geo-political tensions (US-Iran).

Fig 7 – Commodities

| | 02-06-2025 | 03-06-2025 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl) | 63.9 | 65.6 | 2.7 |
| Gold (US\$/ Troy Ounce) | 3289.3 | 3353.4 | 2.0 |
| Copper (US\$/ MT) | 9548.1 | 9686.3 | 1.4 |
| Zinc (US\$/MT) | 2596.6 | 2681.3 | 3.3 |
| Aluminium (US\$/MT) | 2444.0 | 2463.5 | 0.8 |

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com