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As the tariff timeline looms for new trade deals, countries have ramped up efforts to secure better deals with last minute negotiations. EU has suggested it will pause the retaliatory tariff as it continues further negotiations, while Switzerland is expected to impose 39% tariffs on US. Separately, in China, the services activity (private sector survey) rose at its fastest pace to 52.6 (14-month high) in Jul'25 from 50.6 in Jun'25 supported by stronger demand. In contrast, the official services PMI slipped marginally to 50 in Jul'25 against 50.1 in Jun'25. Services activity in Japan picked up pace as it expanded to 53.6 in Jul'25 (5-month high) from 51.7 in Jun'25, driven by higher demand and growth in new business orders. Price pressure cooled-off as input cost inflation dropped to 17-month low. In India this week, MPC is expected to maintain status quo on rates on the back of the ongoing tariff developments.

- Barring Nikkei, other global equity indices rebounded. US indices bounced back posting their biggest daily gains since May'25, amidst renewed expectations of a rate cut in Sep'25. Better than expected earnings report provided further support. Sensex edged up with gains in metal and real estate stocks. However, it is trading lower today, while other Asian stocks are trading mixed.

Fig 1 – Stock markets

	01-08-2025	04-08-2025	Change, %
Dow Jones	43,589	44,174	1.3
S & P 500	6,238	6,330	1.5
FTSE	9,069	9,128	0.7
Nikkei	40,800	40,291	(1.2)
Hang Seng	24,508	24,733	0.9
Shanghai Comp	3,560	3,583	0.7
Sensex	80,600	81,019	0.5
Nifty	24,565	24,723	0.6

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed against US\$. DXY fell by (-) 0.4%, as signs of slowdown in economic activity continue to persist. JPY strengthened the most, while EUR depreciated. INR also fell, even as oil prices remain lower. It is trading even weaker today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	01-08-2025	04-08-2025	Change, %
EUR/USD (1 EUR / USD)	1.1587	1.1571	(0.1)
GBP/USD (1 GBP / USD)	1.3279	1.3285	0
USD/JPY (JPY / 1 USD)	147.40	147.09	0.2
USD/INR (INR / 1 USD)	87.53	87.65	(0.1)
USD/CNY (CNY / 1 USD)	7.1933	7.1809	0.2
DXY Index	99.14	98.78	(0.4)

Source: Bloomberg, Bank of Baroda Research



- Major global 10Y yields continued to slide. US 10Y yield fell by 2bps, tracking another set of weak macro data (factory orders). Amidst ongoing economic uncertainty in the US, investors' demand for other safer assets helped lower German and Japan 10Y bond yields. India's 10Y also fell by 5bps, following global cues and decline in oil prices. It is trading further lower today at 6.31%.

Fig 3 – Bond 10Y yield

	01-08-2025	04-08-2025	Change, bps
US	4.22	4.19	(2)
UK	4.53	4.51	(2)
Germany	2.68	2.62	(5)
Japan	1.56	1.52	(4)
China	1.71	1.71	1
India	6.37	6.32	(5)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	01-08-2025	04-08-2025	Change, bps
Tbill-91 days	5.38	5.36	(2)
Tbill-182 days	5.47	5.49	2
Tbill-364 days	5.53	5.49	(4)
G-Sec 2Y	5.71	5.68	(3)
India OIS-2M	5.43	5.43	0
India OIS-9M	5.48	5.42	(6)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.39	4.34	(5)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	01-08-2025	04-08-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.7	4.0	0.3
Reverse Repo	0	1.7	1.7
Repo*	0	0	0

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

Fig 6 – Capital market flows

	31-07-2025	01-08-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(692.2)	(15.6)	676.6
Debt	10.6	149.9	139.3
Equity	(702.8)	(165.5)	537.3
Mutual funds (Rs cr)	(1,259.8)	(1,687.1)	(427.2)
Debt	(2,331.2)	(3,306.2)	(975.0)
Equity	1,071.3	1,619.1	547.8

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 30 Jul and 31 Jul 2025

- Oil prices continued to slid, as more supply is to be added from Sep'25.

Fig 7 – Commodities

	01-08-2025	04-08-2025	Change, %
Brent crude (US\$/bbl)	69.7	68.8	(1.3)
Gold (US\$/ Troy Ounce)	3,363.5	3,373.6	0.3
Copper (US\$/ MT)	9,581.3	9,634.3	0.6
Zinc (US\$/MT)	2,716.0	2,738.6	0.8
Aluminium (US\$/MT)	2,566.0	2,553.0	(0.5)

Source: Bloomberg, Bank of Baroda Research



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