

**MORNING MOCHA**

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ECONOMIST

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In the US, private payrolls data rose by 37,000 in May'25 (lowest level since Mar'23) compared with 60,000 addition noted in Apr'25. The gains in construction sector was offset by losses in manufacturing and mining sector. Even on services side, education and health, professional and business services registered a decline. On the wage front, annual pay rose at a steady pace (4.5%). This dataset comes ahead of the nonfarm payrolls data which is expected to register an improvement. US ISM slipped in to contraction (49.9 from 51.6 in Apr'25) amidst slower business orders and rising input costs. Eurozone final services PMI signalled contraction with a reading of 49.7 in May'25 from 50.1 in Apr'25. Market awaits RBI's rate decision tomorrow wherein rate cut is expected.

- Except US indices, other global stocks ended higher. US indices closed lower amidst weaker economic data and turned their focus towards upcoming jobs report. Nikkei advanced with gains noted in shares related to semiconductors. Sensex rebounded driven by higher IT and oil & gas stocks. It is trading higher today, in line with other Asian stocks.

**Fig 1 – Stock markets**

	03-06-2025	04-06-2025	Change, %
Dow Jones	42,520	42,428	(0.2)
S & P 500	5,970	5,971	0
FTSE	8,787	8,801	0.2
Nikkei	37,447	37,747	0.8
Hang Seng	23,512	23,654	0.6
Shanghai Comp	3,362	3,376	0.4
Sensex	80,738	80,998	0.3
Nifty	24,543	24,620	0.3

Source: Bloomberg, Bank of Baroda Research

- Apart from INR, other global currencies appreciated against a weaker dollar. DXY fell by 0.4%, tracking weak economic data and following sharp decline in treasury yields. JPY and EUR gained the most. INR fell by 0.4%, even as oil prices eased. However, it is trading slightly higher today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	03-06-2025	04-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1372	1.1417	0.4
GBP/USD (1 GBP / USD)	1.3517	1.3554	0.3
USD/JPY (JPY / 1 USD)	143.97	142.77	0.8
USD/INR (INR / 1 USD)	85.59	85.91	(0.4)
USD/CNY (CNY / 1 USD)	7.1883	7.1780	0.1
DXY Index	99.23	98.79	(0.4)

Source: Bloomberg, Bank of Baroda Research



- Barring Japan, major global 10Y yield closed lower/flat. US 10Y fell sharply by 10bps tracking weaker than expected macro data (ADP employment and ISM services index). Yields in Japan were impacted by increased probability of rate hikes by BoJ. India's 10Y yield closed flat, and is trading a tad lower today. The new benchmark security is trading steady at 6.20% today.

**Fig 3 – Bond 10Y yield**

	03-06-2025	04-06-2025	Change, bps
US	4.45	4.36	(10)
UK	4.64	4.61	(3)
Germany	2.53	2.53	0
Japan	1.49	1.51	1
China	1.71	1.70	0
India	6.25	6.26	0

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	03-06-2025	04-06-2025	Change, bps
Tbill-91 days	5.61	5.58	(3)
Tbill-182 days	5.61	5.59	(2)
Tbill-364 days	5.60	5.58	(2)
G-Sec 2Y	5.70	5.70	0
India OIS-2M	5.64	5.65	1
India OIS-9M	5.56	5.55	(1)
SONIA int rate benchmark	4.21	4.21	0
US SOFR	4.35	4.32	(3)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	03-06-2025	04-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.0	2.9	(0.1)
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	02-05-2025	03-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(268.5)	(747.7)	(479.2)
Debt	(22.0)	(362.1)	(340.1)
Equity	(246.5)	(385.6)	(139.1)
Mutual funds (Rs cr)	5,466.7	2,266.8	(3,199.9)
Debt	(2,513.2)	(1,463.2)	1,049.9
Equity	7,979.9	3,730.0	(4,249.9)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 30 May and 2 Jun 2025

- Oil prices fell as EIA data shows increase in stockpiles of gasoline and distillate.

**Fig 7 – Commodities**

	03-06-2025	04-06-2025	Change, %
Brent crude (US\$/bbl)	65.6	64.9	(1.2)
Gold (US\$/ Troy Ounce)	3353.4	3372.7	0.6
Copper (US\$/ MT)	9686.3	9670.0	(0.2)
Zinc (US\$/MT)	2681.3	2672.2	(0.3)
Aluminium (US\$/MT)	2463.5	2483.0	0.8

Source: Bloomberg, Bank of Baroda Research



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