

MORNING MOCHA

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ECONOMIST

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In the US, as per the labour department, weekly jobless claims inched up marginally by 7,000 to 226,000 tad higher than expected (221,000). On the other hand, non-farm productivity rose at much faster pace than expected by 2.4% (est.: 2%) in Apr-Jun'25 period after declining by 1.8% in Jan-Mar'25 period. Separately, BoE with a narrow vote of 5-4 decided to reduce rates by 25bps, bringing down the policy rate to 4%. As per the projection, inflation is expected to peak to 4% mark in Sep'25 and is expected to remain above the target mark of 2% in the coming 2-years. It was noted that bank will continues with its 'gradual and careful' approach on easing, with Governor calling this a 'finely balanced situation'. In Germany, industry output declined in Jun'25 by 1.9% (lowest level since May'20) on a MoM basis after contracting by 0.1% in the previous month.

- Global indices closed mixed. US indices closed lower reversing its previous day gains amidst mixed data on labour market. FTSE also closed lower as investors tracked mixed earnings. Sensex rebounded with gains in IT and auto stocks. However, it is trading lower today while other Asian stocks are trading higher.

Fig 1 – Stock markets

	06-08-2025	07-08-2025	Change, %
Dow Jones	44,193	43,969	(0.5)
S & P 500	6,345	6,340	(0.1)
FTSE	9,164	9,101	(0.7)
Nikkei	40,795	41,059	0.6
Hang Seng	24,911	25,082	0.7
Shanghai Comp	3,634	3,640	0.2
Sensex	80,544	80,623	0.1
Nifty	24,574	24,596	0.1

Source: Bloomberg, Bank of Baroda Research

- Except CNY and INR, other currencies closed higher against the US\$. DXY also rose by 0.2%, supported by continued rise in bond yields. GBP noted significant gains, amidst hawkish BoE narrow rate cut decision. INR ended broadly steady, as oil prices remain low. It is trading much stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	06-08-2025	07-08-2025	Change, %
EUR/USD (1 EUR / USD)	1.1660	1.1666	0.1
GBP/USD (1 GBP / USD)	1.3357	1.3444	0.7
USD/JPY (JPY / 1 USD)	147.37	147.14	0.2
USD/INR (INR / 1 USD)	87.74	87.71	0
USD/CNY (CNY / 1 USD)	7.1824	7.1814	0
DXY Index	98.18	98.40	0.2

Source: Bloomberg, Bank of Baroda Research



- Except US and UK (higher), other global yields inched lower. US 10Y yield rose by 2bps, despite weaker macro data (jobless claims). Speculative trading was a likely driver. In the UK, BoE's upward revision to peak inflation forecast and narrow rate cut decision impacted 10Y yield. India's 10Y yield fell the most by 3bps, ahead of RBI's weekly auction. It is trading flat today at 6.39%.

Fig 3 – Bond 10Y yield

	06-08-2025	07-08-2025	Change, bps
US	4.23	4.25	2
UK	4.53	4.55	2
Germany	2.65	2.63	(2)
Japan	1.50	1.49	(1)
China	1.70	1.70	(1)
India	6.42	6.39	(3)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	06-08-2025	07-08-2025	Change, bps
Tbill-91 days	5.44	5.43	(1)
Tbill-182 days	5.54	5.49	(5)
Tbill-364 days	5.57	5.61	4
G-Sec 2Y	5.77	5.73	(4)
India OIS-2M	5.46	5.46	0
India OIS-9M	5.48	5.46	(2)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.34	4.34	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	06-08-2025	07-08-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.9	3.5	(0.4)
Reverse Repo	1.7	2.4	0.7
Repo*	0	0	0

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

Fig 6 – Capital market flows

	05-08-2025	06-08-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	321.4	(464.1)	(785.6)
Debt	143.6	37.4	(106.2)
Equity	177.8	(501.5)	(679.4)
Mutual funds (Rs cr)	(1.2)	(7,067.8)	(7,066.6)
Debt	(1,483.6)	(10,332.5)	(8,848.9)
Equity	1,482.4	3,264.7	1,782.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 01 Aug and 04 Aug 2025

- Oil prices declined further, as tariff related tensions cloud demand outlook.

Fig 7 – Commodities

	06-08-2025	07-08-2025	Change, %
Brent crude (US\$/bbl)	66.9	66.4	(0.7)
Gold (US\$/ Troy Ounce)	3,369.3	3,396.4	0.8
Copper (US\$/ MT)	9,613.4	9,618.9	0.1
Zinc (US\$/MT)	2,778.7	2,808.7	1.1
Aluminium (US\$/MT)	2,609.0	2,610.0	0

Source: Bloomberg, Bank of Baroda Research



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