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US President Donald Trump announced additional trade barriers by imposing 30% tariffs on imports from the EU and Mexico. While this is lower than 35% tariff announced for Canadian goods, it is still significant as both EU and Mexico are also amongst US' largest trading partners. These rates are over and above the sectoral tariffs already announced on items like copper, steel, aluminium, and automobiles. Separately, in China, exporters benefitted from temporary respite in trade restrictions between US and China, and exports rose by 5.8% (est.: 5%) in Jun'25, from 4.8% in May'25. Imports too increased for the 1st time in CY25, by 1.1% (est.: 0.3%), following (-) 3.4% decline in May'25. In H1CY25, China's exports were up by 5.9%, but imports fell by (-) 3.9%, signalling sluggish domestic demand. Domestically, markets await CPI and WPI data today.

- Barring Hang Seng (higher) and Shanghai Comp (flat), other global indices closed mixed. The uncertainty on global tariffs kept investors on the edge. US indices ended lower ahead of corporate earnings and inflation data. Sensex ended in red. It was dragged down by losses in IT and auto stocks. It is trading lower today; Asian stocks are trading mixed.

Fig 1 – Stock markets

	10-07-2025	11-07-2025	Change, %
Dow Jones	44,651	44,372	(0.6)
S & P 500	6,280	6,260	(0.3)
FTSE	8,976	8,941	(0.4)
Nikkei	39,646	39,570	(0.2)
Hang Seng	24,028	24,140	0.5
Shanghai Comp	3,510	3,510	0
Sensex	83,190	82,500	(0.8)
Nifty	25,355	25,150	(0.8)

Source: Bloomberg, Bank of Baroda Research

- Except CNY, other global currencies closed lower. DXY strengthened, owing to diminished hopes of further rate cuts by the Fed. JPY softened with cues of possible delays in rate hike. INR depreciated as oil prices inched up. It is trading weaker today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	10-07-2025	11-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1701	1.1689	(0.1)
GBP/USD (1 GBP / USD)	1.3579	1.3493	(0.6)
USD/JPY (JPY / 1 USD)	146.26	147.43	(0.8)
USD/INR (INR / 1 USD)	85.65	85.80	(0.2)
USD/CNY (CNY / 1 USD)	7.1782	7.1701	0.1
DXY Index	97.65	97.85	0.2

Source: Bloomberg, Bank of Baroda Research



- Except India, other global 10Y yield inched up. US 10Y yield rose the most (6bps), followed by the UK (3bps). Intensification of tariff war by the US has revived inflationary concerns. In the UK, weak demand impacted longer-end yield. India's 10Y yield closed lower, despite rise in oil prices. It is trading flat today, ahead of CPI data release, due later in the day.

Fig 3 – Bond 10Y yield

	10-07-2025	11-07-2025	Change, bps
US	4.35	4.41	6
UK	4.60	4.62	3
Germany	2.71	2.73	2
Japan	1.50	1.52	2
China	1.66	1.67	1
India	6.32	6.30	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	10-07-2025	11-07-2025	Change, bps
Tbill-91 days	5.36	5.39	3
Tbill-182 days	5.48	5.52	4
Tbill-364 days	5.53	5.57	4
G-Sec 2Y	5.70	5.72	2
India OIS-2M	5.42	5.46	4
India OIS-9M	5.49	5.51	2
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.32	4.31	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	10-07-2025	11-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.2	3.3	(0.1)
Reverse Repo	2.0	0	(2.0)
Repo*	0	0	0

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

Fig 6 – Capital market flows

	09-07-2025	10-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	20.4	36.2	15.8
Debt	(57.9)	(61.9)	(4.0)
Equity	78.4	98.1	19.8
Mutual funds (Rs cr)	991.5	(2,263.5)	(3,254.9)
Debt	(361.3)	(2,974.3)	(2,612.9)
Equity	1,352.8	710.8	(642.0)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 08 Jul and 09 Jul 2025

- Oil prices rose, following IEA's remarks on tight global supplies.

Fig 7 – Commodities

	10-07-2025	11-07-2025	Change, %
Brent crude (US\$/bbl)	68.6	70.4	2.5
Gold (US\$/ Troy Ounce)	3,324.1	3,355.6	0.9
Copper (US\$/ MT)	9,699.6	9,638.9	(0.6)
Zinc (US\$/MT)	2,781.7	2,738.1	(1.6)
Aluminium (US\$/MT)	2,607.5	2,603.0	(0.2)

Source: Bloomberg, Bank of Baroda Research



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