

MORNING MOCHA

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ECONOMIST

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Global macro indicators showed mixed performance. The flash manufacturing PMI readings remained weaker in US, Japan and Germany. For UK, it inched up a tad albeit below the 50-mark. Flash Services PMI on the other hand fared well. In the US, labour market indicators however showed momentum with jobless claims falling to 217k from est.: 226k, for the week ending Jul'19. This has pared down expectation of rate cut by Fed among market participants. On monetary policy front, ECB kept rates on hold and hinted at "wait and see" mode on the backdrop of inflation largely aligning to 2% goal and growth indicators remaining in line with expectations. Here also markets reduced bets of rate cut in Sep'25. On domestic front, PMI inched up to 59.2 from 58.4 in Jul'25 and services was a tad lower at 59.8 from 60.4. On liquidity management, RBI's fine tuning through LAF continued.

- Global indices ended mixed. US stocks ended mixed tracking trade developments and corporate earnings reports. Stocks in Asia closed mostly higher driven by trade optimism, with Nikkei registering the biggest increase. Sensex ended weaker as technology and real estate stocks fell. It is trading further weaker today, in line with other Asian stocks.

Fig 1 – Stock markets

	23-07-2025	24-07-2025	Change, %
Dow Jones	45,010	44,694	(0.7)
S & P 500	6,359	6,363	0.1
FTSE	9,061	9,138	0.8
Nikkei	41,171	41,826	1.6
Hang Seng	25,538	25,667	0.5
Shanghai Comp	3,582	3,606	0.7
Sensex	82,727	82,184	(0.7)
Nifty	25,220	25,062	(0.6)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies closed weaker. DXY reversed some losses tracking an uptick in flash services PMI. EUR fell after ECB kept rates steady and hinted at a data dependent approach going forward. INR appreciated a tad. However, it is trading weaker today, in line with Asian peers.

Fig 2 – Currencies

	23-07-2025	24-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1771	1.1749	(0.2)
GBP/USD (1 GBP / USD)	1.3582	1.3510	(0.5)
USD/JPY (JPY / 1 USD)	146.51	147.01	(0.3)
USD/INR (INR / 1 USD)	86.42	86.41	0
USD/CNY (CNY / 1 USD)	7.1543	7.1547	0
DXY Index	97.21	97.38	0.2

Source: Bloomberg, Bank of Baroda Research



- Except UK, other global yields edged up as progress in US trade talks boosted sentiments. Germany's 10Y yield rose by 6bps as ECB kept rates on hold for the first time in a year. In US, 10Y yield edge up by 2bps as services PMI hit a 7-month high. India's 10Y yield rose by 2bps to 6.33%. It is trading stable today. RBI is likely to continue its finetuning operations through VRR/VRRR auctions.

Fig 3 – Bond 10Y yield

	23-07-2025	24-07-2025	Change, bps
US	4.38	4.40	2
UK	4.64	4.62	(1)
Germany	2.64	2.70	6
Japan	1.59	1.61	2
China	1.71	1.74	3
India	6.31	6.33	2

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	23-07-2025	24-07-2025	Change, bps
Tbill-91 days	5.38	5.35	(3)
Tbill-182 days	5.52	5.49	(3)
Tbill-364 days	5.56	5.53	(3)
G-Sec 2Y	5.68	5.69	1
India OIS-2M	5.44	5.44	0
India OIS-9M	5.46	5.47	1
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.28	4.28	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	23-07-2025	24-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.2	2.6	0.4
Reverse Repo	2.0	2.0	2.0
Repo*	0	0.5	0.5

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

Fig 6 – Capital market flows

	22-07-2025	23-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	555.3	(452.0)	(1,007.3)
Debt	19.9	(70.0)	(89.9)
Equity	535.4	(382.0)	(917.4)
Mutual funds (Rs cr)	2,869.4	2,561.4	(308.0)
Debt	(788.6)	(2,222.4)	(1,433.8)
Equity	3,658.0	4,783.8	1,125.8

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 21 Jul and 22 Jul 2025

- Oil prices rose as possibility of more trade deals improved demand prospects.

Fig 7 – Commodities

	23-07-2025	24-07-2025	Change, %
Brent crude (US\$/bbl)	68.5	69.2	1.0
Gold (US\$/ Troy Ounce)	3,387.3	3,368.7	(0.5)
Copper (US\$/ MT)	9,878.1	9,827.1	(0.5)
Zinc (US\$/MT)	2,859.2	2,842.8	(0.6)
Aluminium (US\$/MT)	2,651.0	2,647.0	(0.2)

Source: Bloomberg, Bank of Baroda Research



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