

MORNING MOCHA

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Global markets went in for some consolidation being hopeful of negotiations on tariff front. This came after some reports hinted at relieving certain duties on auto sector by the US. However, separate reports also said that the US Commerce department has been initiating trade related probes on pharma and semi-conductor sectors. This may signal further tariff related developments. On macro front, NY Fed inflation expectation index firmed up. In UK, shop price index signalled recovery in retail sales. In China, exports growth picked up to a sharp double-digit pace of 12.4% (est.: 4.6%), on account of frontloading of shipments surrounding the tariff turmoil. On monetary policy front, ECB official hinted at cautious data dependent approach. BoJ official also spoke of staying put amidst financial market volatility. On domestic front, inflation data will be the key watchable where some respite is expected.

- Global markets ended higher as US administration announced exemptions on tariffs on certain electronic products, supporting a rally in tech stocks. US President also hinted at a softer stance on auto tariffs. Stocks in Hong Kong rose the most. FTSE also posted robust gains as UK's retail sales rose more than expected. Sensex is trading higher today, in line with other Asian indices.

Fig 1 – Stock markets

	11-04-2025	14-04-2025	Change, %
Dow Jones	40,213	40,525	0.8
S & P 500	5,363	5,406	0.8
FTSE	7,964	8,134	2.1
Nikkei	33,586	33,982	1.2
Hang Seng	20,915	21,417	2.4
Shanghai Comp	3,238	3,263	0.8
Sensex	73,847	75,157	1.8
Nifty	22,399	22,829	1.9

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were closed on 14 Apr 2025

- DXY languished near a 3-year low as investors monitored developments related to US tariff policies. CNY was also weaker. GBP strengthened buoyed by positive retail sales data. JPY rose to its highest since Sep'24 on safe-haven demand. INR is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	11-04-2025	14-04-2025	Change, %
EUR/USD (1 EUR / USD)	1.1355	1.1351	0
GBP/USD (1 GBP / USD)	1.3087	1.3190	0.8
USD/JPY (JPY / 1 USD)	143.54	143.06	0.3
USD/INR (INR / 1 USD)	86.70	86.05	0.7
USD/CNY (CNY / 1 USD)	7.2921	7.3095	(0.2)
DXY Index	100.10	99.64	(0.5)

Source: Bloomberg, Bank of Baroda Research | Note: Brackets indicate depreciation against the dollar, Indian markets were closed on 14 Apr 2025



- US 10Y yield fell at the sharpest pace weighed down by risk off sentiments. Recent macro data points (consumer credit, ISM data and core capital goods orders of the region) still suggest underlying weakness. Even Fed official hinted at rate cut. In India, 10Y yield is likely to have a softening bias this week, as well, supported by favourable inflation print. It is trading at 6.41% today.

Fig 3 – Bond 10Y yield

	11-04-2025	14-04-2025	Change, bps
US	4.49	4.37	(12)
UK	4.75	4.66	(9)
Germany	2.57	2.51	(6)
Japan	1.32	1.34	2
China	1.66	1.66	1
India	6.44	6.44	0

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were closed on 14 Apr 2025

Fig 4 – Short term rates

	11-04-2025	14-04-2025	Change, bps
Tbill-91 days	6.26	6.08	(18)
Tbill-182 days	6.27	6.23	(4)
Tbill-364 days	6.27	6.23	(4)
G-Sec 2Y	6.30	6.30	(1)
India OIS-2M	6.11	6.08	(3)
India OIS-9M	5.99	5.98	(2)
SONIA int rate benchmark	4.46	4.45	0
US SOFR	4.39	4.37	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	09-04-2025	11-04-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.8	1.7	(0.1)
Reverse Repo	0	0	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	08-04-2025	09-04-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(746.6)	(1,162.4)	(415.8)
Debt	(202.5)	(644.3)	(441.8)
Equity	(544.1)	(518.1)	26.0
Mutual funds (Rs cr)	12,815.3	2,258.9	(10,556.3)
Debt	1,458.6	1,131.8	(326.8)
Equity	11,356.7	1,127.2	(10,229.5)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 7 and 8 Apr 2025

- Oil prices rose on expectations of a softer tariff stance by the US on auto sector.

Fig 7 – Commodities

	11-04-2025	14-04-2025	Change, %
Brent crude (US\$/bbl)	64.8	64.9	0.2
Gold (US\$/ Troy Ounce)	3237.6	3210.9	(0.8)
Copper (US\$/ MT)	9191.9	9157.0	(0.4)
Zinc (US\$/MT)	2635.7	2619.4	(0.6)
Aluminium (US\$/MT)	2396.5	2374.0	(0.9)

Source: Bloomberg, Bank of Baroda Research



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