

**MORNING MOCHA**

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**ECONOMIST**  
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US macro data once again underscored the need for keeping rates higher for longer. Labour market continued to show resilience with US JOLTS openings rising to 8.1mn in Dec'24, much higher than expectations of 7.7 mn. Separately, ISM non-manufacturing PMI climbed to 54.1 in Dec'24 (est. 53.3), from 52.1 in Nov'24. Concerns over inflation were reignited as an underlying measure of input prices rose to its highest in over 2-years. In the Eurozone as well, CPI inflation rose to 2.4% in Dec'24 from 2.2% last month, broadly in line with expectations. The data is unlikely to deter the ECB from easing policy rates further. In India, NSO estimates GDP growth to be 6.4% in FY25 as per the first advance estimates. However, we do see the possibility of an upward revision in the final figures as growth is likely to have bottomed out in Q2 FY25.

- Global indices ended mixed. US indices closed in red as fresh data raised concerns around inflation risk. The focus will shift towards non-farm payroll and Fed minutes. Nikkei surged by 2% supported by gains in technology stocks. Sensex recovered and closed in green led by gains in oil&gas and capital goods stocks. However, it is trading lower today, in line with other Asian indices.

**Fig 1 – Stock markets**

	06-01-2025	07-01-2025	Change, %
Dow Jones	42,707	42,528	(0.4)
S & P 500	5,975	5,909	(1.1)
FTSE	8,250	8,245	(0.1)
Nikkei	39,307	40,083	2.0
Hang Seng	19,688	19,448	(1.2)
Shanghai Comp	3,207	3,230	0.7
Sensex	77,965	78,199	0.3
Nifty	23,616	23,708	0.4

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY, other global currencies ended weaker. DXY rose by 0.3%, led by positive data (JOLTS openings and ISM non-manufacturing PMI). EUR declined the most by 0.5% tracking the inflation report. INR recovered marginally. However, it is trading weaker today, in line with other Asian currencies.

**Fig 2 – Currencies**

	06-01-2025	07-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0390	1.0340	(0.5)
GBP/USD (1 GBP / USD)	1.2520	1.2477	(0.3)
USD/JPY (JPY / 1 USD)	157.62	158.05	(0.3)
USD/INR (INR / 1 USD)	85.83	85.72	0.1
USD/CNY (CNY / 1 USD)	7.3281	7.3280	0

Source: Bloomberg, Bank of Baroda



- Barring Japan and India (flat), other global 10Y yields closed higher. US 10Y yield climbed up supported by strong economic data (surprise upside in job openings). UK's 10Y yield edged up amidst investors' expectations of only 50bps rate cut this year. India's 10Y yield ended flat and is trading lower at 6.75% today.

**Fig 3 – Bond 10Y yield**

	06-01-2025	07-01-2025	Change, bps
US	4.63	4.69	5
UK	4.61	4.68	7
Germany	2.45	2.48	4
Japan	1.14	1.14	0
China	1.60	1.61	1
India	6.75	6.75	0

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	06-01-2025	07-01-2025	change in bps
Tbill-91 days	6.46	6.52	6
Tbill-182 days	6.64	6.60	(4)
Tbill-364 days	6.65	6.64	(1)
G-Sec 2Y	6.67	6.67	0
India OIS-2M	6.66	6.66	0
India OIS-9M	6.51	6.48	(3)
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.31	4.27	(4)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	06-01-2025	07-01-2025	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.0	1.4	0.4
Reverse Repo	0	0	0
Repo	1.3	1.3	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	03-01-2025	06-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(310.8)	(420.3)	(109.4)
Debt	24.4	(64.3)	(88.7)
Equity	(335.2)	(356.0)	(20.7)
Mutual funds (Rs cr)	(1,136.3)	(833.6)	302.7
Debt	(887.4)	(231.6)	655.8
Equity	(249.0)	(602.0)	(353.0)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Funds data as of 02 Jan and 03 Jan 2025

- Oil prices rose as buoyant US data raised hopes of a demand recovery.

**Fig 7 – Commodities**

	06-01-2025	07-01-2025	% change
Brent crude (US\$/bbl)	76.3	77.1	1.0
Gold (US\$/ Troy Ounce)	2,636.5	2,648.6	0.5
Copper (US\$/ MT)	8,887.1	8,886.9	0
Zinc (US\$/MT)	2,865.5	2,836.9	(1.0)
Aluminium (US\$/MT)	2,490.0	2,517.5	1.1

Source: Bloomberg, Bank of Baroda Research



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