

**MORNING MOCHA**

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Labour market in the US ended CY24 on solid ground, with non-farm employment rising by 256k in Dec'24. It was much higher than estimated 160k increase and also up from 212k in Nov'24. Unemployment rate also eased to 4.1% from 4.2% in Nov'24. Average hourly wage growth was up by 0.3% following 0.4% increase in Nov'24. University of Michigan consumer sentiment index fell in Jan'25 (73.2 versus 74 in Dec'24), led by decline in expectations index. Notably, year-ahead inflation expectations soared to 3.3% from 2.8% expected earlier. As a result, bond yields and US\$ firmed up. Markets are now expecting one rate cut in CY25. However, if President-elect Trump announces inflationary policies, then that window might also close. In India, IIP growth rose by 5.2% in Nov'24 versus 3.7% in Oct'24.

Manufacturing sector expanded by 5.8%. Mining and electricity output also rose.

- Global indices ended lower. Investors will closely monitor upcoming CPI data and the impact of the policies that maybe announced by president-elect Trump. Amongst other indices, Hang Seng dropped the most. Sensex too ended in red, with sharp losses noted in power and real estate stocks. It is trading lower today, in line with other Asian indices.

**Fig 1 – Stock markets**

	09-01-2025	10-01-2025	Change, %
Dow Jones	42,635	41,938	(1.6)
S & P 500	5,918	5,827	(1.5)
FTSE	8,320	8,248	(0.9)
Nikkei	39,605	39,190	(1.0)
Hang Seng	19,241	19,064	(0.9)
Shanghai Comp	3,211	3,169	(1.3)
Sensex	77,620	77,379	(0.3)
Nifty	23,527	23,432	(0.4)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 09 Jan 2025

- Barring JPY (higher) and CNY (flat), other global currencies ended lower. The greenback firmed by 0.4%, supported by strong US jobs report. GBP remained under pressure (lowest since Nov'23) with concerns around fiscal outlook. INR depreciated amidst higher oil prices. It is trading weaker today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	09-01-2025	10-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0300	1.0244	(0.5)
GBP/USD (1 GBP / USD)	1.2308	1.2207	(0.8)
USD/JPY (JPY / 1 USD)	158.14	157.73	0.3
USD/INR (INR / 1 USD)	85.86	85.97	(0.1)
USD/CNY (CNY / 1 USD)	7.3321	7.3326	0

Source: Bloomberg, Bank of Baroda | Note: Markets in US were closed on 09 Jan 2025



- Global 10Y yields inched up. US 10Y rose sharply by 7bps, as labour market (non-farm payroll) and inflation expectation data reaffirmed the case of Fed holding rates for longer in CY25. In UK, worries around government's borrowing program still remain. India's 10Y yield also rose by 1bps, and is trading much higher today at 6.82%, tracking global cues and higher oil prices.

**Fig 3 – Bond 10Y yield**

	09-01-2025	10-01-2025	Change, bps
US	4.69	4.76	7
UK	4.81	4.84	3
Germany	2.57	2.60	3
Japan	1.18	1.20	2
China	1.64	1.65	1
India	6.77	6.77	1

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 09 Jan 2025

**Fig 4 – Short term rates**

	09-01-2025	10-01-2025	change in bps
Tbill-91 days	6.59	6.59	0
Tbill-182 days	6.69	6.64	(5)
Tbill-364 days	6.69	6.63	(6)
G-Sec 2Y	6.69	6.70	1
India OIS-2M	6.70	6.70	0
India OIS-9M	6.52	6.52	0
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.29	4.30	1

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 09 Jan 2025

**Fig 5 – Liquidity**

Rs tn	09-01-2025	10-01-2025	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	2.0	2.3	0.3
Reverse Repo	0	0	0
Repo	1.8	0	(1.8)

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	08-01-2025	09-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1,139.9)	(897.2)	242.7
Debt	(705.5)	(78.7)	626.8
Equity	(434.4)	(818.5)	(384.1)
Mutual funds (Rs cr)	(4,025.5)	778.5	4,804.0
Debt	(3,948.4)	(836.7)	3,111.7
Equity	(77.1)	1,615.2	1,692.3

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

- Oil prices jumped, following news of possible sanctions on Russia and Iran.

**Fig 7 – Commodities**

	09-01-2025	10-01-2025	% change
Brent crude (US\$/bbl)	76.9	79.8	3.7
Gold (US\$/ Troy Ounce)	2,667.3	2,689.8	0.8
Copper (US\$/ MT)	8,971.6	8,991.9	0.2
Zinc (US\$/MT)	2,813.7	2,831.9	0.6
Aluminium (US\$/MT)	2,539.0	2,571.5	1.3

Source: Bloomberg, Bank of Baroda Research



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