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Global markets awaited clarity on US President Donald Trump's future policies. No official measures have been adopted on tariff front, albeit anticipation over higher tariffs on Mexico and Canada, starting from 1 Feb 2025. Elsewhere, no major macro releases were scheduled except UK's house price data which showed some uptick. On monetary policy, BoJ's policy is scheduled where another 25bps hike is anticipated. The key watchable will be the interest rate differential between US and Japan, which might impinge on yen. On domestic front, Rabi sowing showed momentum, acreage under wheat and pulses remained comfortable while coarse cereals are lagging. Daily VRR auction revealed that bid received remained lower than notified amount albeit tighter liquidity.

- Global markets ended higher as focus remained on the policy announcements from the new President. Traders await more clarity on possible US tariffs and tax policies. FTSE rose further by 0.2% to another record high. Markets in Asia remained buoyant with Nikkei and Hang Seng rising by over 1%. Sensex also rose by 0.6% led by gains in banking and power stocks. However, in line with other Asian markets, it is trading lower today.

Fig 1 – Stock markets

	17-01-2025	20-01-2025	Change, %
Dow Jones	43,153	43,488	0.8
S & P 500	5,937	5,997	1.0
FTSE	8,505	8,521	0.2
Nikkei	38,451	38,903	1.2
Hang Seng	19,584	19,926	1.7
Shanghai Comp	3,242	3,244	0.1
Sensex	76,619	77,073	0.6
Nifty	23,203	23,345	0.6

Source: Bloomberg, Bank of Baroda Research, Note: US markets were closed on 20 Jan

- Global currencies ended stronger against the dollar as investors looked for cues from US President's inaugural speech. EUR and GBP rose by 1.4% and 1.3% respectively. CNY also appreciated by 0.7% as the new President refrained from announcing new tariffs on China. INR appreciated by 0.1%. It is trading further stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	17-01-2025	20-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0273	1.0416	1.4
GBP/USD (1 GBP / USD)	1.2169	1.2328	1.3
USD/JPY (JPY / 1 USD)	156.30	155.62	0.4
USD/INR (INR / 1 USD)	86.61	86.57	0.1
USD/CNY (CNY / 1 USD)	7.3252	7.2731	0.7

Source: Bloomberg, Bank of Baroda Research, Note: US markets were closed on 20 Jan



- Global yields traded in a narrow range. Germany's 10Y yield softened as PPI data edged down. US 10Y yield rose a tad as sentiments remained jittery surrounding new US President's future course of action. China's 10Y yield rose by 2bps, monitoring moves of PBOC on liquidity. India's 10Y yield closed flat and is trading lower at 6.74%, today.

Fig 3 – Bond 10Y yield

	17-01-2025	20-01-2025	Change, %
US	4.61	4.63	1
UK	4.66	4.66	0
Germany	2.54	2.53	(1)
Japan	1.20	1.20	0
China	1.66	1.68	2
India	6.77	6.76	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	17-01-2025	20-01-2025	Change, %
Tbill-91 days	6.57	6.57	0
Tbill-182 days	6.62	6.67	5
Tbill-364 days	6.64	6.69	5
G-Sec 2Y	6.67	6.67	0
India OIS-2M	6.59	6.59	0
India OIS-9M	6.48	6.46	(3)
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.28	4.29	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	17-01-2025	20-01-2025	Change, %
Net Liquidity (-deficit/+surplus)	(2.0)	(2.4)	(0.4)
Reverse Repo	0	0	0
Repo	2.3	2.3	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	16-01-2025	17-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(581.8)	(367.4)	214.5
Debt	(79.8)	51.6	131.4
Equity	(502.0)	(418.9)	83.1
Mutual funds (Rs cr)	2,664.6	3,546.5	881.9
Debt	(1,989.0)	1,056.0	3,045.0
Equity	4,653.6	2,490.5	(2,163.1)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 14 and 15 Jan 2025

- Oil prices fell on US President's plan of declaring a national energy emergency.

Fig 7 – Commodities

	17-01-2025	20-01-2025	Change, %
Brent crude (US\$/bbl)	80.8	80.2	(0.8)
Gold (US\$/ Troy Ounce)	2,703.3	2,708.2	0.2
Copper (US\$/ MT)	9,081.9	9,163.0	0.9
Zinc (US\$/MT)	2,903.4	2,922.3	0.7
Aluminium (US\$/MT)	2,684.5	2,691.5	0.3

Source: Bloomberg, Bank of Baroda Research



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