

**MORNING MOCHA**

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 ECONOMIST  
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New home sales in the US rose by 3.6% in Dec'24 to 6.98mn units (est.: 6.75mn) from 6.74mn units in Nov'24. On an annual basis, new home sales in CY24 were up by 2.5% (6.83mn units). Prices rose at a subdued pace of 2.1%, amidst higher inventories. However, higher mortgage rates remain a concern and it is unlikely that this momentum can be sustained if rates in the US remain elevated for long. Markets await US Fed decision for more guidance. President Donald Trump's tariff decisions are also being closely watched. In Germany, IFO business climate index improved in Jan'25 to 85.1 from 84.7 in Dec'24, led by improvement in the current situation index. Expectation index continued to decline. Domestically, RBI announced measures to alleviate tight liquidity conditions, and these include: OMO purchase of Rs 60,000cr; 56-day VRR (Rs 50,000cr); and USD/INR buy/sell swap (US\$ 5bn).

- Global stocks ended mixed. Investors remained cautious tracking US President's comments on tariffs. Apart from this, concerns of overvaluation of AI companies also impacted sentiments. S&P500 moderated, while Hang Seng inched up. Sensex fell by 1.1%, led by technology stocks. It is trading higher today, while Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	24-01-2025	27-01-2025	Change, %
Dow Jones	44,424	44,714	0.7
S & P 500	6,101	6,012	(1.5)
FTSE	8,502	8,504	0
Nikkei	39,932	39,566	(0.9)
Hang Seng	20,066	20,198	0.7
Shanghai Comp	3,253	3,251	(0.1)
Sensex	76,190	75,366	(1.1)
Nifty	23,092	22,829	(1.1)

Source: Bloomberg, Bank of Baroda Research

- Major global currencies closed mixed. DXY fell by another 0.1%, amidst decline in US bond yields and stock markets. Yen gained most significantly, helped by safe haven demand, as investors assess developments in AI. INR depreciated by 0.2%, despite lower oil prices. It is trading even weaker today, in line with its Asian peers.

**Fig 2 – Currencies**

	24-01-2025	27-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0497	1.0492	0
GBP/USD (1 GBP / USD)	1.2484	1.2499	0.1
USD/JPY (JPY / 1 USD)	156.00	154.51	1.0
USD/INR (INR / 1 USD)	86.21	86.34	(0.2)
USD/CNY (CNY / 1 USD)	7.2411	7.2446	0

Source: Bloomberg, Bank of Baroda Research



- Global yields closed lower amidst risk off sentiments. US 10Y yield fell at the sharpest pace by 9bps albeit a better-than-expected new home sales data. UK and Germany's 10Y yield fell by 4bps each, for the latter lacklustre growth build up expectations of softer monetary policy. India's 10Y yield fell by 4bps. It is trading further lower at 6.64% today supported by RBI's liquidity measures.

**Fig 3 – Bond 10Y yield**

	24-01-2025	27-01-2025	Change, bps
US	4.62	4.53	(9)
UK	4.63	4.59	(4)
Germany	2.57	2.53	(4)
Japan	1.23	1.21	(2)
China	1.66	1.63	(3)
India	6.72	6.68	(4)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	24-01-2025	27-01-2025	Change, bps
Tbill-91 days	6.58	6.56	(2)
Tbill-182 days	6.66	6.67	1
Tbill-364 days	6.60	6.65	5
G-Sec 2Y	6.62	6.60	(3)
India OIS-2M	6.52	6.52	0
India OIS-9M	6.38	6.35	(3)
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.35	4.34	(1)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	24-01-2025	27-01-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(2.8)	(3.1)	(0.3)
Reverse Repo	0	0	0
Repo	0	1.6	1.6

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	23-01-2025	24-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(296.6)	(306.3)	(9.7)
Debt	57.5	25.9	(31.7)
Equity	(354.1)	(332.2)	21.9
Mutual funds (Rs cr)	(909.6)	(718.7)	190.9
Debt	(3,722.0)	(3,311.1)	410.9
Equity	2,812.5	2,592.4	(220.0)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 22 and 23 Jan 2025

- Oil prices declined, following the news of reversal of US tariffs on Colombia.

**Fig 7 – Commodities**

	24-01-2025	27-01-2025	Change, %
Brent crude (US\$/bbl)	78.5	77.1	(1.8)
Gold (US\$/ Troy Ounce)	2,770.6	2,740.8	(1.1)
Copper (US\$/ MT)	9,156.3	8,972.1	(2.0)
Zinc (US\$/MT)	2,782.4	2,791.2	0.3
Aluminium (US\$/MT)	2,641.0	2,602.5	(1.5)

Source: Bloomberg, Bank of Baroda Research



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