

MORNING MOCHA

28 February 2025

ECONOMIST
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Macro data from the US shows that growth held ground in Q4CY24 as second GDP estimate was left unrevised at 2.3%. In the latest quarter however, growth is varied across sectors. On one hand, durable goods orders noted a rebound in Jan'25 (3.1% versus 1.8% in Dec'24), while on the other hand, labour and real estate market appears to be slowing. Initial jobless claims for the week ending 22 Feb'25 rose by 22k from the previous week to reach 242k. Pending home sales in the US fell by (-) 4.6% in Jan'25 amidst elevated rates. As a result, stagflation concerns are reviving with GDP price index revised higher to 2.4% from 2.2% earlier. Possibility of a Fed rate cut in Jun'25 still remains unclear. Domestically, IMF has reaffirmed faith in India's growth story, driven by its "financial sector health, strengthened corporate balance sheets and strong foundation in digital public infrastructure".

- Global indices ended mixed as escalated concerns around ongoing threats of tariff wars weighed heavily on market sentiments. An additional fresh tariff of 10% will be further levied on China in the upcoming week, as per US President's announcement. Sensex ended flat. However, it is trading lower today in line with other Asian indices.

Fig 1 – Stock markets

	26-02-2025	27-02-2025	Change, %
Dow Jones	43,433	43,240	(0.4)
S & P 500	5,956	5,862	(1.6)
FTSE	8,731	8,756	0.3
Nikkei	38,142	38,256	0.3
Hang Seng	23,788	23,718	(0.3)
Shanghai Comp	3,380	3,388	0.2
Sensex	74,602	74,612	0
Nifty	22,548	22,545	0

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 26.02.2025

- Barring INR (flat), other global currencies ended lower. DXY advanced after US GDP expanded at an unchanged pace of 2.3% in Q4CY24. This comes ahead of the commentary by Fed officials and key PCE data. INR ended flat. It is trading weaker today while other Asian currencies are trading mixed.

Fig 2 – Currencies

	26-02-2025	27-02-2025	Change, %
EUR/USD (1 EUR / USD)	1.0485	1.0398	(0.8)
GBP/USD (1 GBP / USD)	1.2676	1.2601	(0.6)
USD/JPY (JPY / 1 USD)	149.1000	149.8100	(0.5)
USD/INR (INR / 1 USD)	87.2025	87.1975	0
USD/CNY (CNY / 1 USD)	7.2578	7.2865	(0.4)
DXY Index	106.4160	107.2440	0.8

Source: Bloomberg, Bank of Baroda Research| Note: (-) indicates depreciation; Markets in India were closed on 26.02.2025



- Global yields closed mixed. US 10Y yield ended flat with increasing Fed dilemma, as growth shows signs of slowdown and prices inch higher. Germany's 10Y yield fell by 2bps, ahead CDU-SPD coalition talks. India's 10Y yield remained unchanged, tracking global cues. It is trading at similar levels today, despite increase in oil prices.

Fig 3 – Bond 10Y yield

	26-02-2025	27-02-2025	Change, bps
US	4.26	4.26	0
UK	4.50	4.51	1
Germany	2.43	2.41	(2)
Japan	1.37	1.40	3
China	1.77	1.80	3
India	6.71	6.71	0

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 26.02.2025

Fig 4 – Short term rates

	26-02-2025	27-02-2025	Change, bps
Tbill-91 days	6.33	6.43	10
Tbill-182 days	6.52	6.58	6
Tbill-364 days	6.52	6.54	2
G-Sec 2Y	6.57	6.57	0
India OIS-2M	6.46	6.47	0
India OIS-9M	6.27	6.27	0
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.33	4.33	0

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 26.02.2025

Fig 5 – Liquidity

Rs tn	25-02-2025	27-02-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(1.9)	(1.8)	0.1
Reverse Repo	0	0	0
Repo*	2.2	2.2	0

Source: RBI, Bank of Baroda Research, *Includes LTRO| Note: Markets in India were closed on 26.02.2025

Fig 6 – Capital market flows

	24-02-2025	25-02-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(533.1)	(126.7)	406.4
Debt	126.6	199.1	72.4
Equity	(659.7)	(325.7)	334.0
Mutual funds (Rs cr)	(1,944.0)	2,286.9	4,230.9
Debt	(4,422.2)	(3,395.6)	1,026.5
Equity	2,478.2	5,682.6	3,204.4

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 21 Feb and 24 Feb 2025

- Oil prices rose, tracking news around US tariffs and decline in US inventories.

Fig 7 – Commodities

	26-02-2025	27-02-2025	Change, %
Brent crude (US\$/bbl)	72.5	74.0	2.1
Gold (US\$/ Troy Ounce)	2916.4	2877.5	(1.3)
Copper (US\$/ MT)	9448.3	9381.3	(0.7)
Zinc (US\$/MT)	2777.4	2777.8	0
Aluminium (US\$/MT)	2632.5	2632.5	0

Source: Bloomberg, Bank of Baroda Research



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