

**MORNING MOCHA**

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Global markets remained watchful of the latest developments on global tariff front. Among the latest one has been some communication from US President hinting at imposing reciprocal tariffs on country-by-country basis, targeting to incorporate even non-tariff barriers. This is expected to be as early as Apr'25. Sector wise, new tariffs are also targeted on auto sector and is expected to begin around this same time. Separately, ECB official spoke of headwinds emerging from geopolitical fragmentation and rising protectionism. Fed official also warned of being cautious in its future policy response. On macro front, US retail sales data softened (-0.9%, MoM against est.: -0.2%). Eurozone GDP picked pace on QoQ basis (0.1% against est.: 0%). On domestic front, RBI ramped up OMO purchase to Rs 40,000 crore against earlier Rs 20,000 crore in the wake of persistent deficit of durable liquidity.

- Except China and Hong Kong, stocks elsewhere closed lower. US markets ended broadly weaker led by a sharp drop in retail sales. Investors also monitored further developments on tariffs. Renewed optimism over AI led to a rally in tech stocks in China and Hong Kong. Sensex ended lower, marking an 8-day losing streak. Capital goods and power stocks declined the most. It is trading further lower today in line with other Asian stocks.

**Fig 1 – Stock markets**

	13-02-2025	14-02-2025	Change, %
Dow Jones	44,711	44,546	(0.4)
S & P 500	6,115	6,115	0
FTSE	8,765	8,732	(0.4)
Nikkei	39,461	39,149	(0.8)
Hang Seng	21,814	22,620	3.7
Shanghai Comp	3,332	3,347	0.4
Sensex	76,139	75,939	(0.3)
Nifty	23,031	22,929	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Global currencies appreciated against the dollar. DXY fell by 0.6% to its weakest since Dec'24 on the back of weak US retail sales data. Better than expected GDP estimates lifted EUR. INR also appreciated by 0.1% following global cues. It is trading stronger today, in line with other Asian currencies.

**Fig 2 – Currencies**

	13-02-2025	14-02-2025	Change, %
EUR/USD (1 EUR / USD)	1.0465	1.0492	0.3
GBP/USD (1 GBP / USD)	1.2566	1.2586	0.2
USD/JPY (JPY / 1 USD)	152.8000	152.3100	0.3
USD/INR (INR / 1 USD)	86.8963	86.8325	0.1
USD/CNY (CNY / 1 USD)	7.2879	7.2572	0.4

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield moderated as retail sales softened showing lack of momentum of demand. China's 10Y yield inched up by 2bps as market sentiments centred around ongoing tariff turmoil. China's Foreign minister iterated that any unilateral US sanctions will attract similar response. India's 10Y closed stable tracking ongoing liquidity measures by RBI. It is trading lower at 6.69% today.

**Fig 3 – Bond 10Y yield**

	13-02-2025	14-02-2025	Change, bps
US	4.53	4.48	(5)
UK	4.49	4.50	1
Germany	2.42	2.43	1
Japan	1.35	1.36	1
China	1.63	1.65	2
India	6.71	6.71	0

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	13-02-2025	14-02-2025	Change, bps
Tbill-91 days	6.44	6.45	1
Tbill-182 days	6.54	6.55	1
Tbill-364 days	6.53	6.54	1
G-Sec 2Y	6.63	6.63	0
India OIS-2M	6.51	6.50	(1)
India OIS-9M	6.32	6.31	(1)
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.32	4.33	1

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	13-02-2025	14-02-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(2.4)	(2.1)	0.3
Reverse Repo	0	0	0
Repo*	0.5	0.5	0

Source: RBI, Bank of Baroda Research, \*Includes LTRO

**Fig 6 – Capital market flows**

	12-02-2025	13-02-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(642.1)	(793.4)	(151.2)
Debt	(80.7)	(540.6)	(460.0)
Equity	(561.4)	(252.7)	308.7
Mutual funds (Rs cr)	2,491.8	3,951.8	1,460.0
Debt	(438.5)	(1,313.1)	(874.6)
Equity	2,930.3	5,264.9	2,334.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 11 Feb and 12 Feb 2025

- Oil prices declined amidst an increase in US inventories.

**Fig 7 – Commodities**

	13-02-2025	14-02-2025	Change, %
Brent crude (US\$/bbl)	75.0	74.7	(0.4)
Gold (US\$/ Troy Ounce)	2928.2	2882.5	(1.6)
Copper (US\$/ MT)	9434.9	9490.4	0.6
Zinc (US\$/MT)	2799.5	2799.1	(0.0)
Aluminium (US\$/MT)	2603.5	2637.5	1.3

Source: Bloomberg, Bank of Baroda Research



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