

MORNING MOCHA

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ECONOMIST
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Global flash manufacturing PMIs for Feb'25 indicate that activity slowed less than expected in Eurozone (47.3 versus est.: 47), particularly in Germany (46.1 versus 45.5) and France (45.5 versus 45.3). In Japan also pace of contraction eased a tad, while in the US, Feb'25 PMI (51.6) was better than estimated (51.4). However, services activity fell more than expected across Eurozone and US. In the US, weakening consumer sentiment (University of Michigan) to 64.7 from 67.8 in Jan'25, rise in 5-10yr inflation expectation, and lower existing home sales (4.08mn in Jan'25 versus est.: 4.13mn) dampened investor sentiments. In Germany, exit polls indicate highest seats for alliance of CDU/CSU parties. However coalition with a third party will be needed to reach majority. Removal of debt ceiling by the new government is expected to boost infrastructure spending.

- Global markets ended mixed. US indices closed in red amidst subdued macro data along with escalated concerns around tariff threats, and early signals of economic slowdown. Sensex tumbled given the persistent FII outflows and high profit booking. Sharp losses was noted in auto stocks. It is trading further weaker today, while other Asian stocks are trading mixed.

Fig 1 – Stock markets

	20-02-2025	21-02-2025	Change, %
Dow Jones	44,177	43,428	(1.7)
S & P 500	6,118	6,013	(1.7)
FTSE	8,663	8,659	0
Nikkei	38,678	38,777	0.3
Hang Seng	22,577	23,478	4.0
Shanghai Comp	3,351	3,379	0.8
Sensex	75,736	75,311	(0.6)
Nifty	22,913	22,796	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Barring JPY, other global currencies depreciated. EUR weakened with investors turning their focus towards election results in Germany. JPY climbed up to a near 4-month high. INR ended up weaker. However, it is trading stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	20-02-2025	21-02-2025	Change, %
EUR/USD (1 EUR / USD)	1.0501	1.0458	(0.4)
GBP/USD (1 GBP / USD)	1.2669	1.2632	(0.3)
USD/JPY (JPY / 1 USD)	149.6400	149.2700	0.2
USD/INR (INR / 1 USD)	86.6663	86.7125	(0.1)
USD/CNY (CNY / 1 USD)	7.2429	7.2523	(0.1)
DXI Index	106.3720	106.6120	0.2

Source: Bloomberg, Bank of Baroda Research| Note: (-) indicates depreciation



- Barring China and India, other global yields fell. US 10Y yield was down by 7bps, tracking weak macro data points (Markit services PMI and consumer sentiment index). Yields in Europe were lower ahead of Germany's election results. Exit polls show win for conservatives CDU/CSU party. India's 10Y closed broadly unchanged, and is trading at similar level (6.70%) even today.

Fig 3 – Bond 10Y yield

	20-02-2025	21-02-2025	Change, bps
US	4.51	4.43	(7)
UK	4.61	4.57	(4)
Germany	2.53	2.47	(6)
Japan	1.45	1.43	(2)
China	1.72	1.76	4
India	6.70	6.71	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	20-02-2025	21-02-2025	Change, bps
Tbill-91 days	6.40	6.40	0
Tbill-182 days	6.54	6.51	(3)
Tbill-364 days	6.55	6.54	(1)
G-Sec 2Y	6.62	6.61	0
India OIS-2M	6.50	6.49	(1)
India OIS-9M	6.31	6.31	0
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.35	4.33	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	20-02-2025	21-02-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(1.9)	(1.9)	0
Reverse Repo	0	0	0
Repo*	1.8	1.2	(0.6)

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

Fig 6 – Capital market flows

	18-02-2025	20-02-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	713.8	(520.8)	(1,234.5)
Debt	(230.9)	(116.2)	114.7
Equity	944.7	(404.6)	(1,349.2)
Mutual funds (Rs cr)	908.9	(1,502.0)	(2,410.9)
Debt	(1,231.1)	(4,662.0)	(3,430.9)
Equity	2,140.0	3,160.0	1,020.0

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 13 Feb and 14 Feb 2025

- Oil prices fell, led by lower risks in Middle East and rising US crude stockpiles.

Fig 7 – Commodities

	20-02-2025	21-02-2025	Change, %
Brent crude (US\$/bbl)	76.5	74.4	(2.7)
Gold (US\$/ Troy Ounce)	2939.0	2936.1	(0.1)
Copper (US\$/ MT)	9532.1	9518.8	(0.1)
Zinc (US\$/MT)	2883.0	2893.5	0.4
Aluminium (US\$/MT)	2727.5	2688.0	(1.4)

Source: Bloomberg, Bank of Baroda Research



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