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Escalated concerns over the ongoing the tariff war along with fears of possible Federal government shutdown in the US, resulted in mounting anxieties over a risk of possible recession. Comments by US president Trump about 'period of transition' exacerbated the woes further. JPY rose to a 5-month high as the demand for safe-haven accelerated. Separately in Japan, the GDP growth for Q4CY24 was revised downwards to 2.2% on an annualized basis against an initial estimate of 2.8% amidst weakness in domestic demand. Despite this, analysts expect BoJ could still be discussing another rate hike in the upcoming policy meet given the growing inflationary pressure from higher wages and elevated food prices. Two more rate hikes are expected this year with terminal rates likely at 1% mark.

- Barring Nikkei, other global indices ended lower. Global markets were rattled triggering a sell-off as fears of possible slowdown in US economy weighed in on investor sentiments. Led by subdued global cues, Sensex closed in red with losses in oil & gas and capital good stocks. It is trading lower today in line with other Asian stocks.

Fig 1 – Stock markets

	07-03-2025	10-03-2025	Change, %
Dow Jones	42,802	41,912	(2.1)
S & P 500	5,770	5,615	(2.7)
FTSE	8,680	8,600	(0.9)
Nikkei	36,887	37,028	0.4
Hang Seng	24,231	23,783	(1.8)
Shanghai Comp	3,373	3,366	(0.2)
Sensex	74,333	74,115	(0.3)
Nifty	22,553	22,460	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Except JPY and EUR, other global currencies ended lower. DXY rose by 0.1%, driven by safe haven demand. Yen (5-month high) also benefitted from risk averse sentiments, and hopes of BoJ rate hikes. INR and GBP depreciated the most. INR fell by 0.5%. News reports indicate high U\$ demand by importers. However, it is trading stronger today in line with other Asian currencies.

Fig 2 – Currencies

	07-03-2025	10-03-2025	Change, %
EUR/USD (1 EUR / USD)	1.0833	1.0834	0
GBP/USD (1 GBP / USD)	1.2920	1.2879	(0.3)
USD/JPY (JPY / 1 USD)	148.04	147.27	0.5
USD/INR (INR / 1 USD)	86.88	87.33	(0.5)
USD/CNY (CNY / 1 USD)	7.2459	7.2600	(0.2)
DXY Index	103.84	103.90	0.1

Source: Bloomberg, Bank of Baroda Research | Note: Figures in brackets indicate depreciation against the dollar



- Barring US and Germany, other global yields closed higher. US 10Y yield fell by 9bps, driven by recession fears in the US. German investors are closely tracking prospective new government's spending plans. In Japan, investors have raised bets on more BoJ hikes amidst steady price rise. India's 10Y yield rose a tad, despite lower oil prices. However it is trading slightly lower at 6.69% today.

Fig 3 – Bond 10Y yield

	07-03-2025	10-03-2025	Change, bps
US	4.30	4.21	(9)
UK	4.64	4.64	1
Germany	2.84	2.83	0
Japan	1.52	1.58	6
China	1.85	1.87	3
India	6.69	6.70	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	07-03-2025	10-03-2025	Change, bps
Tbill-91 days	6.47	6.47	0
Tbill-182 days	6.59	6.58	(1)
Tbill-364 days	6.53	6.53	0
G-Sec 2Y	6.54	6.56	2
India OIS-2M	6.38	6.37	(1)
India OIS-9M	6.20	6.20	0
SONIA int rate benchmark	4.46	4.45	0
US SOFR	4.35	4.34	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	07-03-2025	10-03-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.8)	(1.4)	(0.6)
Reverse Repo	0	0.1	0.1
Repo*	1.8	1.8	0

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

Fig 6 – Capital market flows

	06-03-2025	07-03-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(330.7)	(250.1)	80.6
Debt	(27.7)	119.2	146.8
Equity	(303.0)	(369.3)	(66.3)
Mutual funds (Rs cr)	(3,199.5)	(2,511.1)	688.4
Debt	(3,463.9)	(3,240.0)	223.9
Equity	264.4	728.9	464.5

Source: Bloomberg, Bank of Baroda Research

- Oil prices eased, as concerns regarding global growth (US, China) resurfaced.

Fig 7 – Commodities

	07-03-2025	10-03-2025	Change, %
Brent crude (US\$/bbl)	70.4	69.3	(1.5)
Gold (US\$/ Troy Ounce)	2909.1	2888.7	(0.7)
Copper (US\$/ MT)	9608.6	9510.0	(1.0)
Zinc (US\$/MT)	2852.0	2819.4	(1.1)
Aluminium (US\$/MT)	2705.5	2694.0	(0.4)

Source: Bloomberg, Bank of Baroda Research



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