

**MORNING MOCHA**

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ECONOMIST

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Central banks are adopting a cautious and measured approach amidst ongoing tariff turmoil, seen globally. To start with BoJ, stood pat on rates raising flags on increasing protectionism. US Fed and BoE policy is also scheduled this week, where a similar approach is expected. Among major macro releases are housing starts and industrial production data in the US, which remained upbeat. Even US Treasury Secretary also reconfirmed that the economy is in good shape. US Fed's dot plot would further shed light on the same. In Germany, ZEW expectations inched up and the parliament passed the debt reform bill. In Japan, imports and core machinery orders softened while exports picked up at a modest pace. On domestic front, RBI announced OMOs of Rs 50,000 crore amidst increased pressure on liquidity which will continue to exhibit some tightness this week, on account of maturity of repos.

- Except US, other global stocks ended stronger. Tariff jitters sent stocks in US lower. On the other hand, optimism on China's growth prospects lifted Hang Seng higher. Nikkei also rose by 1.2%, tracking a fall in JPY. Sensex rose sharply by 1.5% led by gains in real estate and consumer durables stocks. It is trading further higher today, in line with other Asian markets.

**Fig 1 – Stock markets**

	17-03-2025	18-03-2025	Change, %
Dow Jones	41,842	41,581	(0.6)
S & P 500	5,675	5,615	(1.1)
FTSE	8,680	8,705	0.3
Nikkei	37,397	37,845	1.2
Hang Seng	24,146	24,741	2.5
Shanghai Comp	3,426	3,430	0.1
Sensex	74,170	75,301	1.5
Nifty	22,509	22,834	1.4

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended broadly higher. DXY remained downbeat as investors await Fed guidance. EUR rose tracking a surge in Germany's ZEW Economic Sentiment Index. INR appreciated, led by lower oil prices. However, it is trading a tad weaker today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	17-03-2025	18-03-2025	Change, %
EUR/USD (1 EUR / USD)	1.0922	1.0945	0.2
GBP/USD (1 GBP / USD)	1.2992	1.3001	0.1
USD/JPY (JPY / 1 USD)	149.21	149.27	0
USD/INR (INR / 1 USD)	86.80	86.57	0.3
USD/CNY (CNY / 1 USD)	7.2262	7.2256	0.0
DXY Index	103.37	103.24	(0.1)

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



- US 10Y yield edged down by 2bps awaiting Fed policy. Germany's 10Y yield showed little momentum as market is adopting a cautious approach ahead of higher offloading of debt to finance defence spending. 10Y yields in Japan and China also traded in a narrow range. India's 10Y yield fell by 2bps and is trading at 6.66% today.

**Fig 3 – Bond 10Y yield**

	17-03-2025	18-03-2025	Change, bps
US	4.30	4.28	(2)
UK	4.64	4.64	0
Germany	2.82	2.81	(1)
Japan	1.51	1.51	(1)
China	1.90	1.89	(1)
India	6.69	6.67	(2)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	17-03-2025	18-03-2025	Change, bps
Tbill-91 days	6.46	6.56	10
Tbill-182 days	6.57	6.60	3
Tbill-364 days	6.53	6.56	3
G-Sec 2Y	6.55	6.54	(1)
India OIS-2M	6.33	6.33	0
India OIS-9M	6.12	6.12	0
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.30	4.32	2

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	17-03-2025	18-03-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(2.4)	(2.3)	0.1
Reverse Repo	0	0	0
Repo*	1.5	2.3	0.8

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

**Fig 6 – Capital market flows**

	13-03-2025	17-03-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	92.0	(153.1)	(245.1)
Debt	190.5	274.0	83.6
Equity	(98.4)	(427.2)	(328.7)
Mutual funds (Rs cr)	(968.7)	(3,039.5)	(2,070.9)
Debt	(1,098.1)	(3,535.9)	(2,437.8)
Equity	129.4	496.3	366.9

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 12 Mar and 13 Mar 2025

- Oil prices eased as Russia agreed on a ceasefire deal for 30-days.

**Fig 7 – Commodities**

	17-03-2025	18-03-2025	Change, %
Brent crude (US\$/bbl)	71.1	70.6	(0.7)
Gold (US\$/ Troy Ounce)	3000.6	3034.7	1.1
Copper (US\$/ MT)	9799.3	9852.8	0.5
Zinc (US\$/MT)	2932.4	2932.8	0.0
Aluminium (US\$/MT)	2687.0	2654.5	(1.2)

Source: Bloomberg, Bank of Baroda Research



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