

**MORNING MOCHA**

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Global markets again turned jittery as the US tariff deadline is approaching. President Trump again confirmed that reciprocal tariffs and sector specific tariffs will be imposed from 2<sup>nd</sup> Apr. In another development, to reduce dependence on imports of critical minerals, US President is invoking emergency powers to provide a thrust to domestic production. On macro front, US jobless claims have inched up slightly (223K over last week's 220k) albeit lower than expectations (224K). However, continued claims remained elevated which shows some loss of momentum in labour market conditions. In UK, average weekly earnings softened (3month/YoY at 5.8% from 6% earlier). BoE held rates steady being cautious of evolving geopolitical scenario. On domestic front, EPFO data showed 17.9 lakh net members were added during Jan'25 and the dominance has been of 18-25 age group.

- Except India, stocks elsewhere ended lower. US stocks ended weaker as investors digested comments from Fed Chair amidst the ongoing tariff turmoil. Hang Seng ended sharply lower as the tech driven rally took a breather. Indian stocks noted 4th straight day of gains, with the Sensex rising by 1.2%. It is trading further higher today, while other Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	19-03-2025	20-03-2025	Change, %
Dow Jones	41,965	41,953	(0.0)
S & P 500	5,675	5,663	(0.2)
FTSE	8,707	8,702	(0.1)
Nikkei	37,845	37,752	(0.2)
Hang Seng	24,771	24,220	(2.2)
Shanghai Comp	3,426	3,409	(0.5)
Sensex	75,449	76,348	1.2
Nifty	22,908	23,191	1.2

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies declined against a stronger dollar. DXY rose by 0.4% on Fed rate outlook. GBP declined after BoE kept rates on hold and suggested that future rate cuts remain uncertain. INR appreciated. It is trading further stronger today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	19-03-2025	20-03-2025	Change, %
EUR/USD (1 EUR / USD)	1.0903	1.0851	(0.5)
GBP/USD (1 GBP / USD)	1.3003	1.2967	(0.3)
USD/JPY (JPY / 1 USD)	148.69	148.78	(0.1)
USD/INR (INR / 1 USD)	86.44	86.37	0.1
USD/CNY (CNY / 1 USD)	7.2294	7.2493	(0.3)
DXY Index	103.43	103.85	0.4

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



- China's 10Y yield fell by 4bps supported by PBOC's move to step-up short-term funding support. Germany's 10Y yield fell by 2bps as markets have already priced in additional supply of papers for defence spending. UK's 10Y yield inched a tad eyeing BoE policy. India's 10Y yield fell by 2bps and is trading lower at 6.62%, today, as expectations of rate cut by RBI are getting built in.

**Fig 3 – Bond 10Y yield**

	19-03-2025	20-03-2025	Change, bps
US	4.24	4.24	(1)
UK	4.63	4.65	1
Germany	2.80	2.78	(2)
Japan	1.52	1.52	0
China	1.88	1.84	(4)
India	6.66	6.64	(2)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	19-03-2025	20-03-2025	Change, bps
Tbill-91 days	6.48	6.47	(1)
Tbill-182 days	6.59	6.56	(3)
Tbill-364 days	6.53	6.50	(3)
G-Sec 2Y	6.53	6.50	(3)
India OIS-2M	6.33	6.34	1
India OIS-9M	6.11	6.10	(1)
SONIA int rate benchmark	4.45	4.46	0
US SOFR	4.31	4.29	(2)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	19-03-2025	20-03-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(2.3)	(2.3)	0
Reverse Repo	0	0	0
Repo*	2.2	2.2	0

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

**Fig 6 – Capital market flows**

	18-03-2025	19-03-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	217.6	446.5	228.9
Debt	135.6	565.7	430.1
Equity	82.0	(119.2)	(201.2)
Mutual funds (Rs cr)	(3,039.5)	2,632.0	5,671.6
Debt	(3,535.9)	(1,935.7)	1,600.2
Equity	496.3	4,567.7	4,071.4

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 13 Mar and 17 Mar 2025

- Oil prices rose by 1.7% as US announced fresh sanctions on Iranian oil.

**Fig 7 – Commodities**

	19-03-2025	20-03-2025	Change, %
Brent crude (US\$/bbl)	70.8	72.0	1.7
Gold (US\$/ Troy Ounce)	3047.8	3044.9	(0.1)
Copper (US\$/ MT)	9951.8	9885.4	(0.7)
Zinc (US\$/MT)	2891.2	2893.9	0.1
Aluminium (US\$/MT)	2671.0	2659.5	(0.4)

Source: Bloomberg, Bank of Baroda Research



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