

MORNING MOCHA

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ECONOMIST
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US durable goods orders in Feb'25 rose by 0.9% on MoM basis (est.: -1%) following 3.3% increase in Jan'25, as a result of front-loading of orders before tariffs were to be implemented. This was led by orders for electrical equipment, motor vehicles and parts, defence aircrafts, and primary metals. In contrast, core goods orders, fell by (-) 0.3% versus 0.9% in Jan'25. More recently, Trump administration announced 25% import duty on imported cars and light trucks. This is expected to impact inflation in the US and has thus led to hardening of bond yields. Separately, in Australia and UK, inflation surprised on the downside in Feb'25. In UK, CPI was down to 2.8% (est.: 2.9%) from 3% in Jan'25, helped by clothing and housing. In Australia inflation eased to 2.4% (est.: 2.5%) from 2.5%, led by gasoline, electricity and food. Despite this, RBA is unlikely to cut rates next week, as general elections are due in May'25.

- Global indices ended mixed. Investors tracked the announcement of 25% tariff on auto imports by US President. As a result, US indices tumbled with auto stocks noting high losses. Fed officials stated amidst policy uncertainty, Fed will stay put. Sensex ended in red, with broad based losses noted across sectors. However, it is trading higher today while Asian indices are trading mixed.

Fig 1 – Stock markets

	25-03-2025	26-03-2025	Change, %
Dow Jones	42,588	42,455	(0.3)
S & P 500	5,777	5,712	(1.1)
FTSE	8,664	8,690	0.3
Nikkei	37,781	38,027	0.7
Hang Seng	23,344	23,483	0.6
Shanghai Comp	3,370	3,369	0
Sensex	78,017	77,289	(0.9)
Nifty	23,669	23,487	(0.8)

Source: Bloomberg, Bank of Baroda Research

- Barring INR, other global currencies closed lower. DXY rebounded as concerns resurfaced with new tariffs and their overall impact on global trade. GBP weakened amidst softer than expected inflation print. INR edged higher. It is trading weaker today; Asian currencies are trading mixed.

Fig 2 – Currencies

	25-03-2025	26-03-2025	Change, %
EUR/USD (1 EUR / USD)	1.0791	1.0754	(0.3)
GBP/USD (1 GBP / USD)	1.2944	1.2888	(0.4)
USD/JPY (JPY / 1 USD)	149.91	150.57	(0.4)
USD/INR (INR / 1 USD)	85.76	85.72	0.1
USD/CNY (CNY / 1 USD)	7.2584	7.2683	(0.1)
DXY Index	104.18	104.55	0.3

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



- Global 10Y yields closed mixed. US 10Y yield rose by 4bps, as durable goods orders data showed unexpected improvement and Trump administration announced fresh tariffs on auto imports. UK bond yield reacted to slowing inflation rate. India's 10Y yield fell by 3bps to 3-year low of 6.60%, amidst hopes of a rate cut by RBI next week. It is trading even lower today at 6.59%.

Fig 3 – Bond 10Y yield

	25-03-2025	26-03-2025	Change, bps
US	4.31	4.35	4
UK	4.75	4.73	(3)
Germany	2.80	2.80	0
Japan	1.58	1.59	0
China	1.82	1.80	(2)
India	6.64	6.60	(3)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	25-03-2025	26-03-2025	Change, bps
Tbill-91 days	6.45	6.48	3
Tbill-182 days	6.55	6.53	(2)
Tbill-364 days	6.46	6.46	0
G-Sec 2Y	6.48	6.46	(2)
India OIS-2M	6.32	6.31	(1)
India OIS-9M	6.13	6.11	(2)
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.31	4.33	2

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	25-03-2025	26-03-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(1.9)	(0.4)	1.5
Reverse Repo	0	0	0
Repo*	2.3	1.8	(0.5)

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

Fig 6 – Capital market flows

	24-03-2025	25-03-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	887.8	552.1	(335.7)
Debt	164.8	(112.7)	(277.5)
Equity	723.0	664.7	(58.3)
Mutual funds (Rs cr)	(3,847.0)	(7,965.4)	(4,118.5)
Debt	708.2	(7,003.1)	(7,711.3)
Equity	(4,555.2)	(962.3)	3,592.9

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 21 Mar and 24 Mar 2025

- Oil prices rose, as EIA data shows decline in US crude inventories.

Fig 7 – Commodities

	25-03-2025	26-03-2025	Change, %
Brent crude (US\$/bbl)	73.0	73.8	1.1
Gold (US\$/ Troy Ounce)	3020.1	3019.4	0
Copper (US\$/ MT)	10091.5	9883.2	(2.1)
Zinc (US\$/MT)	2956.7	2934.6	(0.7)
Aluminium (US\$/MT)	2609.5	2607.0	(0.1)

Source: Bloomberg, Bank of Baroda Research



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