

MORNING MOCHA

28 March 2025

ECONOMIST
Sonal Badhan

US GDP growth for Q4CY24 (3rd estimate) was revised upward to 2.4% from 2.3% earlier (3.1% in Q3). This was led by higher than estimated consumer and government spending. Pending home sales rose by 2% (est.: 1.5%) in Feb'25, following (-) 4.6% decline in Jan'25. Improved weather conditions and lower mortgage rates helped. Initial jobless claims for the week ending 22 Mar'25 fell by 1k to 224k, while continuing claims (4-week average) rose by 2.25k to 1.87mn. Separately in Asia, China's industrial profits in Jan-Feb'25 fell by (-) 0.3% following 11% increase in Dec'24. Trade war with US impacted profit margins of Chinese firms as importers bargained for price cuts. Domestically, central government announced borrowing calendar of Rs 8 lakh cr for H1FY26 (est.: Rs 8.4 lakh cr), wherein it plans to lower the supply of ultra-long dated papers and increase that of short-term papers.

- Global indices closed mixed. Investors turned cautious as they continue to monitor tariff announcements, which are expected to delay rate cuts by Fed. Overall uncertainty weighed on investor sentiments, with auto stocks taking a hit globally. Sensex advanced, reflecting domestic resilience with gains in real estate stocks. However, it is trading lower today in line with Asian indices.

Fig 1 – Stock markets

| | 26-03-2025 | 27-03-2025 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 42,455 | 42,300 | (0.4) |
| S & P 500 | 5,712 | 5,693 | (0.3) |
| FTSE | 8,690 | 8,666 | (0.3) |
| Nikkei | 38,027 | 37,800 | (0.6) |
| Hang Seng | 23,483 | 23,579 | 0.4 |
| Shanghai Comp | 3,369 | 3,374 | 0.1 |
| Sensex | 77,289 | 77,606 | 0.4 |
| Nifty | 23,487 | 23,592 | 0.4 |

Source: Bloomberg, Bank of Baroda Research

- Barring JPY and INR, global currencies closed lower. DXY softened ahead of crucial PCE data. GBP made a quick recovery awaiting GDP and retail sales print. INR depreciated amidst higher dollar demand from importers at month end. It is trading stronger today; Asian currencies are trading mixed.

Fig 2 – Currencies

| | 26-03-2025 | 27-03-2025 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.0754 | 1.0801 | 0.4 |
| GBP/USD (1 GBP / USD) | 1.2888 | 1.2949 | 0.5 |
| USD/JPY (JPY / 1 USD) | 150.57 | 151.05 | (0.3) |
| USD/INR (INR / 1 USD) | 85.72 | 85.79 | (0.1) |
| USD/CNY (CNY / 1 USD) | 7.2683 | 7.2622 | 0.1 |
| DXY Index | 104.55 | 104.34 | (0.2) |

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



- Global 10Y yields closed mixed. UK's 10Y yield rose the most, as FM Reeves announced 2nd highest borrowing program on record, with long-dated securities issuance falling to its lowest levels. Yields in US were buoyed by positive macro data. India's 10Y yield closed flat and is trading steady today as well, even as government announced lower than expected borrowing calendar for H1FY26.

Fig 3 – Bond 10Y yield

| | 26-03-2025 | 27-03-2025 | Change, bps |
|---------|------------|------------|-------------|
| US | 4.35 | 4.36 | 1 |
| UK | 4.73 | 4.78 | 6 |
| Germany | 2.80 | 2.77 | (2) |
| Japan | 1.59 | 1.59 | 0 |
| China | 1.80 | 1.81 | 0 |
| India | 6.60 | 6.60 | 0 |

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

| | 26-03-2025 | 27-03-2025 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days | 6.48 | 6.51 | 3 |
| Tbill-182 days | 6.53 | 6.47 | (6) |
| Tbill-364 days | 6.46 | 6.44 | (2) |
| G-Sec 2Y | 6.46 | 6.47 | 1 |
| India OIS-2M | 6.31 | 6.25 | (6) |
| India OIS-9M | 6.11 | 6.08 | (3) |
| SONIA int rate benchmark | 4.46 | 4.46 | 0 |
| US SOFR | 4.33 | 4.35 | 2 |

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

| Rs tn | 26-03-2025 | 27-03-2025 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | (0.4) | (0.1) | 0.3 |
| Reverse Repo | 0 | 0 | 0 |
| Repo* | 1.8 | 1.8 | 0 |

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

Fig 6 – Capital market flows

| | 25-03-2025 | 26-03-2025 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | 552.1 | 129.9 | (422.2) |
| Debt | (112.7) | (156.4) | (43.7) |
| Equity | 664.7 | 286.2 | (378.5) |
| Mutual funds (Rs cr) | (7,965.4) | (6,914.2) | 1,051.2 |
| Debt | (7,003.1) | (2,649.3) | 4,353.8 |
| Equity | (962.3) | (4,264.9) | (3,302.5) |

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 24 Mar and 25 Mar 2025

- Oil prices rose further, over concerns of tighter supplies.

Fig 7 – Commodities

| | 26-03-2025 | 27-03-2025 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl) | 73.8 | 74.0 | 0.3 |
| Gold (US\$/ Troy Ounce) | 3019.4 | 3057.3 | 1.3 |
| Copper (US\$/ MT) | 9883.2 | 9800.2 | (0.8) |
| Zinc (US\$/MT) | 2934.6 | 2877.4 | (1.9) |
| Aluminium (US\$/MT) | 2607.0 | 2562.5 | (1.7) |

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

+91 22 6698 5143

chief.economist@bankofbaroda.com