

**MORNING MOCHA**

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Global market is eyeing US-Japan tariff talks, anticipating some forthcoming negotiations. This holds crucial as it paves a way for further negotiations with other major trading partner of the US. Separately, Fed Chair raised flags of unemployment and inflation deflecting from Fed's goals in the near term on account of ongoing tariff turmoil. This again led to some repricing of risks. Hence, Gold continued its record rally, US treasuries (10Y yield) continued to decline. Other central banks such as Bank of Korea and Bank of Canada held policy rates unchanged, being watchful of how trade policy takes shape. On macro front, US retail sales data remained in line, while industrial production softened. In UK, inflation softened while core held ground. In Japan, exports moderated at a sharp pace. On domestic front, merchandise trade deficit expanded led by pickup in gold imports.

- Global indices ended mixed. US indices ended in red as investors monitored comments by US Fed Chair on risks to growth and higher prices due to tariffs. Technology stocks declined the most. The CBOE volatility index used as 'fear gauge' inched up. Sensex closed higher with gains in banking stocks. However, it is trading lower today while other Asian stocks are trading higher.

**Fig 1 – Stock markets**

	15-04-2025	16-04-2025	Change, %
Dow Jones	40,369	39,669	(1.7)
S & P 500	5,397	5,276	(2.2)
FTSE	8,249	8,276	0.3
Nikkei	34,268	33,920	(1.0)
Hang Seng	21,466	21,057	(1.9)
Shanghai Comp	3,268	3,276	0.3
Sensex	76,735	77,044	0.4
Nifty	23,329	23,437	0.5

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended higher. DXY slid as investors remained wary of slowing growth in the US. Yen surged to a multi month high amidst tariff uncertainty and greater demand for safe-haven assets. INR strengthened supported by FII inflow. It is trading further stronger today, in line with other Asian currencies.

**Fig 2 – Currencies**

	15-04-2025	16-04-2025	Change, %
EUR/USD (1 EUR / USD)	1.1282	1.1399	1.0
GBP/USD (1 GBP / USD)	1.3231	1.3244	0.1
USD/JPY (JPY / 1 USD)	143.21	141.88	0.9
USD/INR (INR / 1 USD)	85.77	85.69	0.1
USD/CNY (CNY / 1 USD)	7.3158	7.2997	0.2
DXY Index	100.22	99.38	(0.8)

Source: Bloomberg, Bank of Baroda Research | Note: Brackets indicate depreciation against the dollar



- Japan's 10Y yield underwent sharp downward correction. This is on the wake of BoJ officials repeatedly hinting at caution surrounding rising risks to protectionist measures. In the US as well, 10Y yield fell sharply as rising risks to downward pressure on growth builds up. India's 10Y yield softened by 2bps as inflation print supported deeper rate cuts by RBI. It is trading at 6.38% today.

**Fig 3 – Bond 10Y yield**

	15-04-2025	16-04-2025	Change, bps
US	4.33	4.28	(6)
UK	4.65	4.60	(4)
Germany	2.53	2.51	(2)
Japan	1.37	1.27	(10)
China	1.66	1.65	(1)
India	6.41	6.39	(2)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	15-04-2025	16-04-2025	Change, bps
Tbill-91 days	5.88	5.92	4
Tbill-182 days	5.97	6.00	3
Tbill-364 days	6.03	6.00	(3)
G-Sec 2Y	6.13	6.07	(6)
India OIS-2M	5.92	5.92	0
India OIS-9M	5.75	5.74	(1)
SONIA int rate benchmark	4.46	4.46	0
US SOFR	4.33	4.36	3

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	15-04-2025	16-04-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.6	1.7	(0.1)
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	11-04-2025	15-04-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(274.8)	939.3	1,214.1
Debt	(1.8)	146.0	147.7
Equity	(273.0)	793.4	1,066.4
Mutual funds (Rs cr)	2,022.9	0.8	(2,022.1)
Debt	1,021.2	(3,129.6)	(4,150.8)
Equity	1,001.7	3,130.4	2,128.8

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 9 and 11 Apr 2025

- Oil prices inched up on hopes of a possible truce on tariffs war.

**Fig 7 – Commodities**

	15-04-2025	16-04-2025	Change, %
Brent crude (US\$/bbl)	64.7	65.9	1.8
Gold (US\$/ Troy Ounce)	3230.7	3343.1	3.5
Copper (US\$/ MT)	9119.3	9171.3	0.6
Zinc (US\$/MT)	2591.6	2550.4	(1.6)
Aluminium (US\$/MT)	2375.0	2382.0	0.3

Source: Bloomberg, Bank of Baroda Research



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