

MORNING MOCHA

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Aditi Gupta

Global growth is expected to remain stable at 2.8% in 2025 (same as 2024) as per the UN World Economic and Prospects Report 2025. Lower growth in China and US is likely to be offset by improved growth prospects in the EU, Japan and UK. Global inflation is projected to moderate from 4% in 2024 to 3.4% in 2025. For India, GDP growth is projected at 6.6% in 2025, driven by private consumption and investment. Separately, household spending in Japan declined by 0.4% in Nov'24 amidst intensifying price pressures, reinforcing the need for BoJ to hike rates. In UK, BoE's Deputy Governor emphasised a more gradual approach to further rate cuts. In the US, Fed's Michelle Bowman suggested that the Dec'24 rate cut would be the last. Focus now shifts to the US jobs report due today.

- Barring UK (higher) and US (closed), other global indices ended lower. FTSE gained on the back of mining stocks, supported by rising commodity prices. In the case of Asian markets, continued disinflation in China dented investor sentiments. Sensex ended in red, dragged by consumer durables, and capital goods stocks. However, it is trading higher today, while other Asian indices are trading lower.

Fig 1 – Stock markets

	08-01-2025	09-01-2025	Change, %
Dow Jones	42,528	42,635	0.3
S & P 500	5,909	5,918	0.2
FTSE	8,251	8,320	0.8
Nikkei	39,981	39,605	(0.9)
Hang Seng	19,280	19,241	(0.2)
Shanghai Comp	3,230	3,211	(0.6)
Sensex	78,148	77,620	(0.7)
Nifty	23,689	23,527	(0.7)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 09 Jan 2025

- Global currencies ended mixed. DXY rose by 0.1%, as investors await the US jobs report. GBP declined further by 0.4% as BoE's Deputy Governor advocated for more rate cuts. JPY ended marginally stronger. INR ended stable. However, it is trading weaker today, in line with other Asian currencies.

Fig 2 – Currencies

	08-01-2025	09-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0318	1.0300	(0.2)
GBP/USD (1 GBP / USD)	1.2363	1.2308	(0.4)
USD/JPY (JPY / 1 USD)	158.35	158.14	0.1
USD/INR (INR / 1 USD)	85.86	85.86	0
USD/CNY (CNY / 1 USD)	7.3317	7.3321	0

Source: Bloomberg, Bank of Baroda | Note: Markets in US were closed on 09 Jan 2025



- Except India (flat), other global 10Y yields ended higher. UK's 10Y rose by 1bps and continued to trade near a 16-year high, driven by concerns regarding government's borrowing program and its impact on inflation. Investors await inflation data for Dec'24 to gauge major central banks' rate trajectory. India's 10Y yield closed stable at 6.77%, but is trading a tad lower at 6.76% today.

Fig 3 – Bond 10Y yield

	08-01-2025	09-01-2025	Change, bps
US	4.69	4.69	0
UK	4.80	4.81	1
Germany	2.55	2.57	2
Japan	1.18	1.18	1
China	1.61	1.64	3
India	6.77	6.77	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 09 Jan 2025

Fig 4 – Short term rates

	08-01-2025	09-01-2025	change in bps
Tbill-91 days	6.57	6.59	2
Tbill-182 days	6.69	6.69	0
Tbill-364 days	6.68	6.69	1
G-Sec 2Y	6.68	6.69	1
India OIS-2M	6.68	6.70	3
India OIS-9M	6.50	6.52	3
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.27	4.29	2

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	08-01-2025	09-01-2025	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.8	2.0	0.2
Reverse Repo	0	0	0
Repo	1.8	1.8	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	07-01-2025	08-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(185.8)	(1,139.9)	(954.2)
Debt	(43.4)	(705.5)	(662.1)
Equity	(142.3)	(434.4)	(292.1)
Mutual funds (Rs cr)	3,295.6	(4,025.5)	(7,321.1)
Debt	(983.7)	(3,948.4)	(2,964.6)
Equity	4,279.4	(77.1)	(4,356.5)

Source: Bloomberg, Bank of Baroda Research

- Oil prices rose as colder weather has raised prospects of higher fuel demand.

Fig 7 – Commodities

	08-01-2025	09-01-2025	% change
Brent crude (US\$/bbl)	76.2	76.9	1.0
Gold (US\$/ Troy Ounce)	2,661.9	2,667.3	0.2
Copper (US\$/ MT)	8,917.3	8,971.6	0.6
Zinc (US\$/MT)	2,789.5	2,813.7	0.9
Aluminium (US\$/MT)	2,498.5	2,539.0	1.6

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com