

MORNING MOCHA

10 July 2025

ECONOMIST

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US tariff policies continued to dominate global market headlines as US President imposed a 50% tariff on copper imports. Additionally, a 50% tariff was also applied on imports from Brazil. The US administration also issued tariff letters to seven smaller trading partners including Sri Lanka, Philippines and Iraq with tariff rates ranging between 20-30%. These tariffs are set to take effect from 1 Aug. Investors have so far downplayed the impact of the latest tariff measures, even though copper prices in the US soared to a record high after the announcement. Separately, minutes of the Fed meeting indicated that rate cuts are likely towards the end of the year, as members sought more clarity on the impact of tariffs on inflation. Bank of Korea kept its interest rate steady and maintained an accommodative monetary policy stance while warning of significant economic uncertainty due to US tariffs.

- Global stocks ended mixed amidst tariff jitters. Asian stocks were impacted following US President's announcement of commodity-specific and country-specific tariff rates. US markets were supported by gains in technology stocks. Sensex moderated, dragged down by real estate, oil and gas and metal stocks. It is trading further lower today, while Asian stocks are trading mixed.

Fig 1 – Stock markets

	08-07-2025	09-07-2025	Change, %
Dow Jones	44,241	44,458	0.5
S & P 500	6,226	6,263	0.6
FTSE	8,854	8,867	0.1
Nikkei	39,689	39,821	0.3
Hang Seng	24,148	23,892	(1.1)
Shanghai Comp	3,497	3,493	(0.1)
Sensex	83,713	83,536	(0.2)
Nifty	25,523	25,476	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Global currencies traded in narrow ranges as investors assessed the implications of fresh US tariffs. JPY strengthened by 0.2%. INR was range-bound as traders await more clarity on India-US trade deal. It is trading at similar levels today, while other Asian currencies are trading stronger.

Fig 2 – Currencies

	08-07-2025	09-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1725	1.1720	0
GBP/USD (1 GBP / USD)	1.3592	1.3586	0
USD/JPY (JPY / 1 USD)	146.58	146.33	0.2
USD/INR (INR / 1 USD)	85.70	85.68	0
USD/CNY (CNY / 1 USD)	7.1785	7.1807	0
DXI Index	97.52	97.56	0

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield softened the most as risk-off sentiment raised demand for sovereign asset class. This was despite the fact that the Fed minutes hinted at inflationary concerns. 10Y yield in UK and Germany also softened. India's 10Y yield rose a tad. The 2-day VRRR saw a favourable cut off yield. More such announcements will be on the cards. 10Y yield is trading flat today.

Fig 3 – Bond 10Y yield

	08-07-2025	09-07-2025	Change, bps
US	4.40	4.33	(7)
UK	4.63	4.61	(2)
Germany	2.69	2.67	(1)
Japan	1.50	1.51	1
China	1.65	1.65	0
India	6.31	6.31	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	08-07-2025	09-07-2025	Change, bps
Tbill-91 days	5.28	5.37	9
Tbill-182 days	5.40	5.52	12
Tbill-364 days	5.54	5.57	3
G-Sec 2Y	5.69	5.70	1
India OIS-2M	5.39	5.42	4
India OIS-9M	5.48	5.49	1
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.33	4.34	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	08-07-2025	09-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.1	3.3	(0.2)
Reverse Repo	1.0	1.0	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	07-07-2025	08-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	183.7	91.5	(92.2)
Debt	(139.2)	58.3	197.6
Equity	322.9	33.2	(289.8)
Mutual funds (Rs cr)	4,863.9	2,860.8	(2,003.0)
Debt	3,841.5	3,286.8	(554.6)
Equity	1,022.4	(426.0)	(1,448.4)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 03 Jul and 04 Jul 2025

- Oil prices inched a tad amidst expectation of lower US output as per EIA data.

Fig 7 – Commodities

	08-07-2025	09-07-2025	Change, %
Brent crude (US\$/bbl)	70.2	70.2	0.1
Gold (US\$/ Troy Ounce)	3,301.9	3,313.7	0.4
Copper (US\$/ MT)	9,841.8	9,652.9	(1.9)
Zinc (US\$/MT)	2,710.6	2,744.5	1.2
Aluminium (US\$/MT)	2,586.0	2,596.5	0.4

Source: Bloomberg, Bank of Baroda Research



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