

MORNING MOCHA

17 June 2025

ECONOMIST
Sonal Badhan

Amidst heightened tensions in the Middle East region, Iran has signalled that it is willing to de-escalate tensions with Israel, as both countries continue to attack each other's shipping infrastructure. Even at the G7 summit, leaders agree that Iran should be brought back to the negotiation table as soon as possible. Until tensions de-escalate, oil prices are expected to remain elevated, which in turn will have an upside impact on global inflation. In the US, FOMC this week is expected to keep rates on hold, but the statement is important to gauge future policy cues.

Domestically, wholesale inflation (WPI) eased to 14-month low of 0.4% in May'25, helped by moderation in food inflation. Trade data showed that trade deficit fell to 3-month low of US\$ 21.9bn in May'25. Signalling robust consumption trend, non-oil-non-gold imports inched up, and even non-oil exports performed well.

- Global stocks ended higher as investors turned their focus towards upcoming rate decisions by a host of central banks. Strong retail sales data in China lifted Asian indices. Nikkei surged with gains in chip making stocks and weaker Yen boosted export focussed stocks. Sensex rebounded with broad based advances noted across indices. It is trading higher today, in line with Asian stocks.

Fig 1 – Stock markets

	13-06-2025	16-06-2025	Change, %
Dow Jones	42,198	42,515	0.8
S & P 500	5,977	6,033	0.9
FTSE	8,851	8,875	0.3
Nikkei	37,834	38,311	1.3
Hang Seng	23,893	24,061	0.7
Shanghai Comp	3,377	3,389	0.3
Sensex	81,119	81,796	0.8
Nifty	24,719	24,947	0.9

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed. DXY weakened as investors trimmed risk-off bets, and subdued empire state manufacturing index (-16 from -9.2 in May'25) raised concerns for manufacturing sector. INR ended flat. However, it is trading stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	13-06-2025	16-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1549	1.1561	0.1
GBP/USD (1 GBP / USD)	1.3571	1.3578	0.1
USD/JPY (JPY / 1 USD)	144.07	144.75	(0.5)
USD/INR (INR / 1 USD)	86.09	86.06	0
USD/CNY (CNY / 1 USD)	7.1832	7.1802	0
DXY Index	98.18	98.00	(0.2)

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields closed mixed. US 10Y yield was up by another 5bps, as investors assess the impact of ongoing conflict in the Middle East, elevated oil prices, and await FOMC statement regarding future trajectory of rates. India's 10Y yield fell sharply by 9bps, as oil prices begin to ease. However, tracking global cues, it is trading higher at 6.31% today.

Fig 3 – Bond 10Y yield

	13-06-2025	16-06-2025	Change, bps
US	4.40	4.45	5
UK	4.55	4.53	(2)
Germany	2.54	2.53	(1)
Japan	1.41	1.44	3
China	1.70	1.70	0
India	6.36	6.27	(9)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	13-06-2025	16-06-2025	Change, bps
Tbill-91 days	5.34	5.37	3
Tbill-182 days	5.42	5.44	2
Tbill-364 days	5.48	5.50	2
G-Sec 2Y	5.77	5.78	1
India OIS-2M	5.43	5.42	(1)
India OIS-9M	5.54	5.51	(3)
SONIA int rate benchmark	4.21	4.21	0
US SOFR	4.28	4.28	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	13-06-2025	16-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.6	2.7	(0.9)
Reverse Repo	0	0	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	12-05-2025	13-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(384.2)	(106.2)	278.0
Debt	(1.2)	(62.8)	(61.6)
Equity	(383.0)	(43.4)	339.6
Mutual funds (Rs cr)	(1,749.3)	9,274.3	11,023.6
Debt	(2,974.6)	1,083.9	4,058.5
Equity	1,225.3	8,190.4	6,965.2

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 11 Jun and 12 Jun 2025

- Oil prices fell, amidst demand worries and Iran's intent to de-escalate tensions.

Fig 7 – Commodities

	13-06-2025	16-06-2025	Change, %
Brent crude (US\$/bbl)	74.2	73.2	(1.3)
Gold (US\$/ Troy Ounce)	3432.3	3385.2	(1.4)
Copper (US\$/ MT)	9718.4	9798.6	0.8
Zinc (US\$/MT)	2600.1	2633.4	1.3
Aluminium (US\$/MT)	2503.0	2513.5	0.4

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

chief.economist@bankofbaroda.com