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Dipanwita Mazumdar

A host of central bank officials hinted at cautious approach amidst intensification of protectionism. Fed Officials (Governor Waller and Bowman) both favoured a pause and being watchful of the transient bump in inflation. However, it has been pointed out to not being overly cautious as some degree of “policy paralysis” might emanate. Elsewhere, BoE official (Governor Bailey) also signalled data dependent approach as all attention has now pivoted to ongoing tariff turmoil. Elsewhere, Reserve Bank of Australia has cut its key policy rate for the first time in 4 years to 4.1% on the back of softening of inflation. Markets got some breather and risk alignment in favour of equity market. This was led by technology stocks surrounding optimism over AI. On domestic front, exports softened, and imports picked up (higher non-oil non-gold imports) leading to a widening trade deficit of US \$ 23bn in Jan’25.

- Global markets broadly closed higher amidst optimism over Russia-Ukraine peace deal. Stocks in China ended higher led by tech shares, on anticipation of more government support after China’s President met with tech leaders. US markets were closed. In India, Sensex broke its losing streak to end marginally higher. Consumer durables and power stocks rose the most. However, it is trading weaker today, while other Asian stocks are trading higher.

Fig 1 – Stock markets

	14-02-2025	17-02-2025	Change, %
Dow Jones	44,711	44,546	(0.4)
S & P 500	6,115	6,115	(0.0)
FTSE	8,732	8,768	0.4
Nikkei	39,149	39,174	0.1
Hang Seng	22,620	22,616	(0.0)
Shanghai Comp	3,347	3,356	0.3
Sensex	75,939	75,997	0.1
Nifty	22,929	22,960	0.1

Source: Bloomberg, Bank of Baroda Research, US markets were closed on 17 Feb

- Global currencies ended mixed. JPY appreciated by 0.5% supported by better-than-expected GDP growth in Q4 2024. EUR dipped, as focus remained on German elections later in the week. INR depreciated by 0.1%. It is trading further weaker today, in line with other Asian currencies.

Fig 2 – Currencies

	14-02-2025	17-02-2025	Change, %
EUR/USD (1 EUR / USD)	1.0492	1.0484	(0.1)
GBP/USD (1 GBP / USD)	1.2586	1.2625	0.3
USD/JPY (JPY / 1 USD)	152.3100	151.5100	0.5
USD/INR (INR / 1 USD)	86.8325	86.8788	(0.1)
USD/CNY (CNY / 1 USD)	7.2572	7.2643	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Global yields hardened as some optimism over staggered pace of tariff and counter tariff led to risk alignment of portfolios. Germany's 10Y yield rose the most as ECB official hinted at careful approach and not immediate easing. China's yield rose by 4bps ahead of President's meet with entrepreneurs to spur private sector investment. India's 10Y inched lower and is trading flat today.

Fig 3 – Bond 10Y yield

	14-02-2025	17-02-2025	Change, bps
US	4.53	4.48	(5)
UK	4.50	4.53	3
Germany	2.43	2.49	6
Japan	1.36	1.40	3
China	1.65	1.69	4
India	6.71	6.69	(1)

Source: Bloomberg, Bank of Baroda Research, US markets were closed on 17 Feb

Fig 4 – Short term rates

	14-02-2025	17-02-2025	Change, bps
Tbill-91 days	6.45	6.44	(1)
Tbill-182 days	6.55	6.55	0
Tbill-364 days	6.54	6.54	0
G-Sec 2Y	6.63	6.61	(2)
India OIS-2M	6.50	6.50	0
India OIS-9M	6.31	6.31	0
SONIA int rate benchmark	4.45	4.45	0
US SOFR	4.32	4.33	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	14-02-2025	17-02-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(2.1)	(1.8)	0.3
Reverse Repo	0	0	0
Repo*	0.5	1.3	0.8

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

Fig 6 – Capital market flows

	13-02-2025	14-02-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(793.4)	(765.7)	27.7
Debt	(540.6)	(187.5)	353.2
Equity	(252.7)	(578.2)	(325.5)
Mutual funds (Rs cr)	3,951.8	908.9	(3,042.9)
Debt	(1,313.1)	(1,231.1)	82.0
Equity	5,264.9	2,140.0	(3,124.9)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 12 Feb and 13 Feb 2025

- Oil prices rose on reports of drone strike on a Russian pipeline.

Fig 7 – Commodities

	14-02-2025	17-02-2025	Change, %
Brent crude (US\$/bbl)	74.7	75.2	0.6
Gold (US\$/ Troy Ounce)	2882.5	2896.6	0.5
Copper (US\$/ MT)	9490.4	9321.0	(1.8)
Zinc (US\$/MT)	2799.1	2829.3	1.1
Aluminium (US\$/MT)	2637.5	2645.0	0.3

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