

**MORNING MOCHA**

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ECONOMIST

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RBI in the financial stability report stated that Indian economy remains the key driver of global growth supported by strong macroeconomic fundamentals and prudent policies. There are some risk emanating from growing public debt, global spillovers and escalation in geopolitical tension coupled with policy uncertainty. Furthermore, even as there are risks of higher gross NPAs by Mar'27, the banking sector remains strongly placed with parameters such as liquidity risk, capital risk, and credit risk. Additionally, there has been marginal deterioration in the NBFC's indicators from Dec'24, with 2 out of 5 parameters signalling higher risk. However, overall sector remains resilient and well positioned. Separately, annual inflation in Germany softened to 2% in Jun'25 (from 2.1% in May'25). Core inflation also eased to 2.7% (from 2.8% in May'25). Japan PMI rose to 50.1 in Jun'25 from 49.4 in May'25 signalling some recovery in the manufacturing sector.

- Global equity indices closed mixed. US indices advanced with best quarter performance in a year. The investor sentiments were buoyed by optimism of new global trade deal. Sensex closed lower with losses in real estate stocks. However, it is trading higher today, while Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	27-06-2025	30-06-2025	Change, %
Dow Jones	43,819	44,095	0.6
S & P 500	6,173	6,205	0.5
FTSE	8,799	8,761	(0.4)
Nikkei	40,151	40,487	0.8
Hang Seng	24,284	24,072	(0.9)
Shanghai Comp	3,424	3,444	0.6
Sensex	84,059	83,606	(0.5)
Nifty	25,638	25,517	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies closed higher against a weaker US\$. DXY fell by 0.5%, following decline in treasury yields. As a result, EUR and JPY gained the most. INR depreciated by 0.3%, tracking weakness in capital market. However, it is trading stronger today, in line with its Asian peers.

**Fig 2 – Currencies**

	27-06-2025	30-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1718	1.1787	0.6
GBP/USD (1 GBP / USD)	1.3716	1.3732	0.1
USD/JPY (JPY / 1 USD)	144.65	144.03	0.4
USD/INR (INR / 1 USD)	85.49	85.75	(0.3)
USD/CNY (CNY / 1 USD)	7.1726	7.1638	0.1
DXY Index	97.40	96.88	(0.5)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield was down by 5bps, as market participants await to see if Senate will pass Trump administration's spending bill before 4 Jul. Germany's yield was down 1 bps, tracking continued disinflationary trajectory in Jun'25. India's 10Y yield rose by 1bps, despite decline in oil prices. However, following global cues, it is trading slightly lower at 6.31% today.

**Fig 3 – Bond 10Y yield**

	27-06-2025	30-06-2025	Change, bps
US	4.28	4.23	(5)
UK	4.50	4.49	(1)
Germany	2.59	2.61	2
Japan	1.44	1.43	(1)
China	1.65	1.65	0
India	6.31	6.32	1

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	27-06-2025	30-06-2025	Change, bps
Tbill-91 days	5.41	5.37	(4)
Tbill-182 days	5.52	5.50	(2)
Tbill-364 days	5.53	5.52	(1)
G-Sec 2Y	5.79	5.79	0
India OIS-2M	5.44	5.44	0
India OIS-9M	5.51	5.51	0
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.40	4.39	(1)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	27-06-2025	30-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.0	2.6	(0.4)
Reverse Repo	0	0	0.8
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	26-06-2025	27-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	1,256.6	982.6	(274.0)
Debt	13.2	319.4	306.2
Equity	1,243.5	663.3	(580.2)
Mutual funds (Rs cr)	1,924.0	(9,176.5)	(11,100.5)
Debt	586.5	(851.8)	(1,438.4)
Equity	1,337.5	(8,324.7)	(9,662.2)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 25 Jun and 26 Jun 2025

- Oil prices fell, as traders assess the impact of OPEC+ production plans.

**Fig 7 – Commodities**

	27-06-2025	30-06-2025	Change, %
Brent crude (US\$/bbl)	67.8	67.6	(0.2)
Gold (US\$/ Troy Ounce)	3274.3	3303.1	0.9
Copper (US\$/ MT)	10118.7	10050.7	(0.7)
Zinc (US\$/MT)	2778.8	2741.3	(1.3)
Aluminium (US\$/MT)	2595.0	2597.5	0.1

Source: Bloomberg, Bank of Baroda Research



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