

**MORNING MOCHA**

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IMF in its World Economic Outlook has revised global growth projection upwards to 3.3% in CY25, from 3.2% earlier. This is a result of 50bps upgrade in US growth forecast to 2.7%, led by buoyant consumption demand. China's growth projection has been revised upward slightly by 10bps to 4.6% in 2025. Despite its positive outlook, the report has outlined policy generated disruption as major risks to financial stability. India's growth projection has been retained at 6.5% in FY26. In the US, macro prints (industrial production and housing starts) have been better than expected. US Treasury Secretary's affirmation of taking steps to avoid breaching debt ceiling limit, also provided global markets the desired comfort. On domestic front, RBI's latest bulletin pointed out that it had sold record high amount of US\$ 20.2 bn in the spot market in Nov'24, to contain volatility of INR.

- Barring Nikkei, global stocks ended higher. FTSE has risen the most as UK delayed implementation of international bank capital rules. Other stocks got support from IMF's upgrade of global growth forecast. Nikkei's moderation was led by uncertainty over BoJ's future move. Sensex moderated led by banking stocks. However, it is trading higher today in line with Asian stocks.

**Fig 1 – Stock markets**

	16-01-2025	17-01-2025	Change, %
Dow Jones	43,153	43,488	0.8
S & P 500	5,937	5,997	1.0
FTSE	8,392	8,505	1.4
Nikkei	38,573	38,451	(0.3)
Hang Seng	19,523	19,584	0.3
Shanghai Comp	3,236	3,242	0.2
Sensex	77,043	76,619	(0.5)
Nifty	23,312	23,203	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Except CNY, other global currencies ended weaker. DXY rose by 0.4%, supported by positive macro data (housing and industrial production). JPY depreciated the most, followed by GBP. On the other hand, CNY appreciated by 0.1% as Q4 GDP growth surpassed expectations. INR was 0.1% lower led by FPI outflows. It is trading stronger today, in line with other Asian currencies.

**Fig 2 – Currencies**

	16-01-2025	17-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0301	1.0273	(0.3)
GBP/USD (1 GBP / USD)	1.2239	1.2169	(0.6)
USD/JPY (JPY / 1 USD)	155.16	156.30	(0.7)
USD/INR (INR / 1 USD)	86.55	86.61	(0.1)
USD/CNY (CNY / 1 USD)	7.3316	7.3252	0.1

Source: Bloomberg, Bank of Baroda Research



- Global yields ended mixed. Upbeat macro data in the US strengthened the case for fewer rate cuts in 2025. Thus, US 10Y yield rose by 1bps. On the other hand, UK's 10Y yield fell by 2bps as a surprise drop in UK's retail sales raised fresh concerns. China's 10Y yield rose by 2bps amidst improvement in growth outlook. India's 10Y yield rose by 2bps. It is trading flat today.

**Fig 3 – Bond 10Y yield**

	16-01-2025	17-01-2025	Change, %
US	4.61	4.63	1
UK	4.68	4.66	(2)
Germany	2.55	2.54	(1)
Japan	1.21	1.20	0
China	1.65	1.66	2
India	6.75	6.77	2

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	16-01-2025	17-01-2025	Change, %
Tbill-91 days	6.57	6.57	0
Tbill-182 days	6.63	6.62	(1)
Tbill-364 days	6.66	6.64	(2)
G-Sec 2Y	6.72	6.67	(5)
India OIS-2M	6.59	6.59	0
India OIS-9M	6.46	6.48	2
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.28	4.29	1

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	16-01-2025	17-01-2025	Change, %
Net Liquidity (-Surplus/+deficit)	2.4	2.0	(0.4)
Reverse Repo	2.8	2.3	(0.5)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	15-01-2025	16-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(510.9)	(581.8)	(70.9)
Debt	(2.6)	(79.8)	(77.3)
Equity	(508.3)	(502.0)	6.4
Mutual funds (Rs cr)	2,664.6	3,546.5	881.9
Debt	(1,989.0)	1,056.0	3,045.0
Equity	4,653.6	2,490.5	(2,163.1)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 14 and 15 Jan 2025

- Oil prices softened as China's fine print of growth showed some weakness.

**Fig 7 – Commodities**

	16-01-2025	17-01-2025	Change, %
Brent crude (US\$/bbl)	81.3	80.8	(0.6)
Gold (US\$/ Troy Ounce)	2,714.3	2,703.3	(0.4)
Copper (US\$/ MT)	9,123.1	9,081.9	(0.5)
Zinc (US\$/MT)	2,837.0	2,903.4	2.3
Aluminium (US\$/MT)	2,636.5	2,684.5	1.8

Source: Bloomberg, Bank of Baroda Research



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