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Global markets continued to digest the uncertainty over US President's policies. To give a breather, today China's securities regular communicated for an increased investment in stocks by MFs and insurance companies. Elsewhere, on monetary policy front, BoJ's 25bps rate hike is fully priced in, as reflected in the overnight indexed swaps. ECB policy officials remained broadly dovish and hinted at further monetary easing. On macro front, South Korea's GDP showed considerable moderation amidst downbeat sentiments over political woes. In fact, there are reports of issuing special bonds, to support currency, a route that is expected to be explored after 21 years. On domestic front, 434 projects have been identified under PM Gati Shakti which is expected to give a holistic push to infrastructure sector.

- Global stocks ended mixed as investors assessed the barrage of policy decisions by the US President. Markets in US and Japan rose, led by tech stocks amidst an AI driven optimism. However, threat of looming tariffs pushed stocks in Hong Kong and China lower. Sensex rose by 0.7%, as gains in technology stocks offset decline in other sub-indices. However, it is trading lower today while other Asian markets are trading mixed.

Fig 1 – Stock markets

	21-01-2025	22-01-2025	Change, %
Dow Jones	44,026	44,157	0.3
S & P 500	6,049	6,086	0.6
FTSE	8,548	8,545	0
Nikkei	39,028	39,646	1.6
Hang Seng	20,107	19,779	(1.6)
Shanghai Comp	3,243	3,214	(0.9)
Sensex	75,838	76,405	0.7
Nifty	23,025	23,155	0.6

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies ended weaker. EUR declined as ECB officials backed further rate cuts. GBP also depreciated amidst mounting fiscal woes. INR appreciated by 0.3% as oil prices declined. However, it is trading weaker today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	21-01-2025	22-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0428	1.0409	(0.2)
GBP/USD (1 GBP / USD)	1.2350	1.2316	(0.3)
USD/JPY (JPY / 1 USD)	155.52	156.53	(0.6)
USD/INR (INR / 1 USD)	86.59	86.33	0.3
USD/CNY (CNY / 1 USD)	7.2656	7.2762	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Except China and India, global yields closed higher. UK's 10Y yield has risen as public sector borrowing data showed stickiness. US 10Y yield inched up awaiting the jobless claims data. China's 10Y yield closed stable awaiting fresh cues. India's 10Y yield fell a tad albeit tighter liquidity. It is trading flat today.

Fig 3 – Bond 10Y yield

	21-01-2025	22-01-2025	Change, %
US	4.58	4.61	3
UK	4.59	4.63	4
Germany	2.51	2.53	2
Japan	1.19	1.20	1
China	1.67	1.66	0
India	6.74	6.72	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	21-01-2025	22-01-2025	Change, %
Tbill-91 days	6.58	6.60	2
Tbill-182 days	6.68	6.69	1
Tbill-364 days	6.69	6.67	(2)
G-Sec 2Y	6.67	6.64	(3)
India OIS-2M	6.56	6.55	(1)
India OIS-9M	6.44	6.42	(2)
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.29	4.29	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	21-01-2025	22-01-2025	Change, %
Net Liquidity (-deficit/+surplus)	(2.7)	(2.9)	(0.2)
Reverse Repo	0	0	0
Repo	2.3	2.3	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	20-01-2025	21-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(342.9)	(710.0)	(367.1)
Debt	87.5	21.5	(66.0)
Equity	(430.4)	(731.4)	(301.1)
Mutual funds (Rs cr)	3,149.2	(1,428.0)	(4,577.2)
Debt	1,275.7	(3,881.0)	(5,156.6)
Equity	1,873.5	2,452.9	579.4

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 16 and 17 Jan 2025

- Oil prices fell further as investors assessed the impact of US policies.

Fig 7 – Commodities

	21-01-2025	22-01-2025	Change, %
Brent crude (US\$/bbl)	79.3	79.0	(0.4)
Gold (US\$/ Troy Ounce)	2,744.8	2,756.5	0.4
Copper (US\$/ MT)	9,168.9	9,105.5	(0.7)
Zinc (US\$/MT)	2,869.5	2,856.1	(0.5)
Aluminium (US\$/MT)	2,646.0	2,634.0	(0.5)

Source: Bloomberg, Bank of Baroda Research



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