

**MORNING MOCHA**

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ECONOMIST

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Global markets remained cautious monitoring the flared up geopolitical tensions. In the latest development, Iranian Parliament voted to close the Strait of Hormuz where oil flow averaged 20mbpd in CY24, accounting nearly 20% of global petroleum liquids consumption. Further, US has conducted airstrikes on three of Iran's nuclear facilities. The repercussion was felt on Oil and DXY which firmed up by 2% and 0.4%, respectively. On macro front, UK's core retail sales and consumer confidence posted downbeat readings. Elsewhere, public sector net borrowing remained at an elevated level. In Germany, PPI data remained in deflation. On monetary policy front, Fed officials gave diverge cues. Governor Waller spoke of a likely rate cut in Jul'25 while San Francisco and Richmond Fed President hinted at cautious approach. In India, markets will keep a close watch on the movement of oil prices.

- Global indices closed mixed. Investors continued to monitor the ongoing conflict in the Middle East. Mixed commentary by Fed official on rate trajectory also kept investors on the edge. Hang Seng rebounded amidst PBoC decision to keep rate steady with signals of economic recovery. Sensex accelerated with gains in real estate stocks. It is trading lower today in line with other Asian indices.

**Fig 1 – Stock markets**

	19-06-2025	20-06-2025	Change, %
Dow Jones	42,172	42,207	0.1
S & P 500	5,981	5,968	(0.2)
FTSE	8,792	8,775	(0.2)
Nikkei	38,488	38,403	(0.2)
Hang Seng	23,238	23,530	1.3
Shanghai Comp	3,362	3,360	(0.1)
Sensex	81,362	82,408	1.3
Nifty	24,793	25,112	1.3

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed. DXY weakened amidst dovish commentary by Fed official Waller, favouring rate cut. Demand for safe-haven assets was limited despite the persistent geopolitical tensions. INR appreciated as oil prices slipped. It is trading lower while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	19-06-2025	20-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1495	1.1523	0.2
GBP/USD (1 GBP / USD)	1.3465	1.3451	(0.1)
USD/JPY (JPY / 1 USD)	145.45	146.09	(0.4)
USD/INR (INR / 1 USD)	86.73	86.59	0.2
USD/CNY (CNY / 1 USD)	7.1878	7.1815	0.1
DXY Index	98.91	98.71	(0.2)

Source: Bloomberg, Bank of Baroda Research



- Global yields traded thinly. US 10Y yield softened amidst expectation of monetary easing. In Japan as well, 10Y yield moderated albeit inching up of inflation data. In UK, 10Y yield edged up a tad as public sector borrowing remained sticky. In India, 10Y yield was stable. The benchmark security is trading at 6.33% today.

**Fig 3 – Bond 10Y yield**

	19-06-2025	20-06-2025	Change, bps
US	4.39	4.38	(2)
UK	4.53	4.54	1
Germany	2.52	2.52	0
Japan	1.42	1.40	(2)
China	1.64	1.64	0
India	6.31	6.31	0

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	19-06-2025	20-06-2025	Change, bps
Tbill-91 days	5.33	5.33	0
Tbill-182 days	5.44	5.42	(2)
Tbill-364 days	5.47	5.47	0
G-Sec 2Y	5.73	5.75	3
India OIS-2M	5.38	5.39	1
India OIS-9M	5.50	5.50	0
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.31	4.28	(3)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	19-06-2025	20-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.9	2.9	0
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	18-05-2025	19-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(196.1)	435.7	631.8
Debt	(126.9)	200.4	327.2
Equity	(69.2)	235.3	304.5
Mutual funds (Rs cr)	4,058.4	(4,923.2)	(8,981.6)
Debt	(2,323.2)	(5,017.8)	(2,694.6)
Equity	6,381.6	94.6	(6,287.0)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 17 Jun and 18 Jun 2025

- Oil was trading lower in the previous session. However, firmed up by 2% today.

**Fig 7 – Commodities**

	19-06-2025	20-06-2025	Change, %
Brent crude (US\$/bbl)	78.9	77.0	(2.3)
Gold (US\$/ Troy Ounce)	3370.9	3368.4	(0.1)
Copper (US\$/ MT)	9748.4	9908.5	1.6
Zinc (US\$/MT)	2613.6	2605.9	(0.3)
Aluminium (US\$/MT)	2521.5	2549.5	1.1

Source: Bloomberg, Bank of Baroda Research



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