

**MORNING MOCHA**

24 June 2025

ECONOMIST

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In the latest development, US President has announced that Israel and Iran agreed to a ceasefire, possibly marking the end of 12-day long war. However, the fine prints are still not known with no official confirmation coming from the two countries involved. Majority of the asset classes were quick to respond. Oil is trading -3% lower in today's session, DXY and international gold prices softened by -0.3% and -0.5%, respectively. On macro front, flash PMI data for both manufacturing and services sector posted better readings in the US, UK, Germany and Japan. On domestic front, any positive developments on war will be welcoming. In another news, India's flash PMI also posted a better print with manufacturing at 58.4 against May's final data of 57.6 and services data at 60.7 against 58.8, buoyed by export orders. Market is also eyeing India-US trade deal before 9 Jul deadline.

- Global indices closed mixed. Markets in US, China and HK jumped as investors monitored Iran's muted retaliation to US attacks. Analysts also await Fed Chair Powell's statement to be given to the house and Senate this week. Sensex was dragged down by tech and auto stocks. However, tracking news of ceasefire in Middle East, it is trading higher today in line with other Asian indices.

**Fig 1 – Stock markets**

	20-06-2025	23-06-2025	Change, %
Dow Jones	42,207	42,582	0.9
S & P 500	5,968	6,025	1.0
FTSE	8,775	8,758	(0.2)
Nikkei	38,403	38,354	(0.1)
Hang Seng	23,530	23,689	0.7
Shanghai Comp	3,360	3,382	0.6
Sensex	82,408	81,897	(0.6)
Nifty	25,112	24,972	(0.6)

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed. DXY fell by 0.3%, despite better-than-expected macro data (PMIs, home sales). Improvement in risk appetite moved demand away from safe havens (JPY was flat). INR depreciated even as oil prices fell. However, it is trading higher today, in line with other Asian currencies.

**Fig 2 – Currencies**

	20-06-2025	23-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1523	1.1578	0.5
GBP/USD (1 GBP / USD)	1.3451	1.3524	0.5
USD/JPY (JPY / 1 USD)	146.09	146.15	0
USD/INR (INR / 1 USD)	86.59	86.75	(0.2)
USD/CNY (CNY / 1 USD)	7.1815	7.1789	0
DXY Index	98.71	98.42	(0.3)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. UK's 10Y yield fell at the sharpest pace followed by the US, amidst risk off sentiment. Germany's 10Y yield fell a tad as ECB official hinted at continuation of softer policy. Japan's 10Y yield inched up eyeing the long end bond auction (20-Yr) after plans to trim down its issuances. In India, 10Y yield was stable. The benchmark security is trading lower at 6.29% today.

**Fig 3 – Bond 10Y yield**

	20-06-2025	23-06-2025	Change, bps
US	4.38	4.35	(3)
UK	4.54	4.49	(4)
Germany	2.52	2.51	(1)
Japan	1.40	1.42	2
China	1.64	1.64	0
India	6.31	6.31	0

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	20-06-2025	23-06-2025	Change, bps
Tbill-91 days	5.33	5.32	(1)
Tbill-182 days	5.42	5.41	(1)
Tbill-364 days	5.47	5.47	0
G-Sec 2Y	5.75	5.77	1
India OIS-2M	5.39	5.38	(1)
India OIS-9M	5.50	5.50	0
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.28	4.29	1

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	20-06-2025	23-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.9	2.4	(0.5)
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	19-05-2025	20-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	435.7	1,379.7	944.0
Debt	200.4	286.1	85.7
Equity	235.3	1,093.6	858.3
Mutual funds (Rs cr)	(4,923.2)	(4,754.2)	169.0
Debt	(5,017.8)	(4,927.9)	89.9
Equity	94.6	173.7	79.1

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 18 Jun and 19 Jun 2025

- Oil fell sharply by over 7%, following news of ceasefire between Iran and Israel.

**Fig 7 – Commodities**

	20-06-2025	23-06-2025	Change, %
Brent crude (US\$/bbl)	77.0	71.5	(7.2)
Gold (US\$/ Troy Ounce)	3368.4	3368.5	0
Copper (US\$/ MT)	9908.5	9947.5	0.4
Zinc (US\$/MT)	2605.9	2664.8	2.3
Aluminium (US\$/MT)	2549.5	2588.5	1.5

Source: Bloomberg, Bank of Baroda Research



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