

MORNING MOCHA

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Dipanwita Mazumdar

Global markets witnessed mixed reaction to an uneasy ceasefire between Iran and Israel. In other development, US President has hinted a meeting with Iran in the coming week. However, uncertainty reigns over diplomatic agreement on nuclear program. Oil and Gold showed some normalisation. DXY softened as bets have increased over monetary easing in the US. Two of the Fed Governors (Michelle Bowman and Christopher Waller) hinted at rate cut in Jul'25. On macro front, it has been a data light day with US new home sales data showing some moderation. It fell by -13.7% sequentially to 623K in May'25 (est.: 693K). On domestic front, RBI has extended the timing for call money market for liquidity optimisation and better realignment to repo.

- Barring markets in US and UK, other indices ended in green. Investors analysed Fed Chair Powell's statement noting that central bank will assess the impact of tariffs before cutting rates. S&P was flat, as tech shares' performance outweighed drag from other sectors. Sensex rose, with gains in tech and auto stocks. It is trading further higher today, in line with Asian indices.

Fig 1 – Stock markets

	24-06-2025	25-06-2025	Change, %
Dow Jones	43,089	42,982	(0.2)
S & P 500	6,092	6,092	0
FTSE	8,759	8,719	(0.5)
Nikkei	38,791	38,942	0.4
Hang Seng	24,177	24,475	1.2
Shanghai Comp	3,421	3,456	1.0
Sensex	82,055	82,756	0.9
Nifty	25,044	25,245	0.8

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed. DXY fell by 0.2%, dragged by weak macro data (new home sales). Drop in equity markets also accentuated the decline. EUR and GBP gained the most, as Fed rate cut bets grow. INR declined as oil prices rose. However, it is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	24-06-2025	25-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1609	1.1659	0.4
GBP/USD (1 GBP / USD)	1.3615	1.3664	0.4
USD/JPY (JPY / 1 USD)	144.94	145.24	(0.2)
USD/INR (INR / 1 USD)	85.98	86.09	(0.1)
USD/CNY (CNY / 1 USD)	7.1716	7.1741	0
DXY Index	97.86	97.68	(0.2)

Source: Bloomberg, Bank of Baroda Research



- Japan's 10Y yield fell by 3bps eyeing 2-year bond auction which showed firm demand. US 10Y closed stable as traders remained cautious in anticipation of softer monetary policy. Germany's 10Y yield inched up by 2bps as much of frontloading of rates by ECB has happened. India's 10Y yield rose by 4bps eyeing VRRR announcement. The benchmark security is trading at 6.29%.

Fig 3 – Bond 10Y yield

	24-06-2025	25-06-2025	Change, bps
US	4.29	4.29	0
UK	4.47	4.48	1
Germany	2.54	2.57	2
Japan	1.42	1.40	(3)
China	1.65	1.66	1
India	6.25	6.29	4

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	24-06-2025	25-06-2025	Change, bps
Tbill-91 days	5.30	5.39	9
Tbill-182 days	5.40	5.51	11
Tbill-364 days	5.47	5.55	8
G-Sec 2Y	5.73	5.78	5
India OIS-2M	5.37	5.43	6
India OIS-9M	5.48	5.51	3
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.29	4.30	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	24-06-2025	25-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.6	2.5	(0.1)
Reverse Repo	0	0	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	23-05-2025	24-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(129.4)	(548.9)	(419.5)
Debt	82.1	(45.2)	(127.4)
Equity	(211.5)	(503.6)	(292.1)
Mutual funds (Rs cr)	(2,409.1)	4,492.1	6,901.2
Debt	(860.2)	(703.8)	156.4
Equity	(1,549.0)	5,195.8	6,744.8

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 20 Jun and 23 Jun 2025

- Oil prices rose, amidst Iran-Israel ceasefire violation reports.

Fig 7 – Commodities

	24-06-2025	25-06-2025	Change, %
Brent crude (US\$/bbl)	67.1	67.7	0.8
Gold (US\$/ Troy Ounce)	3323.7	3332.3	0.3
Copper (US\$/ MT)	9819.9	9813.2	(0.1)
Zinc (US\$/MT)	2661.3	2687.1	1.0
Aluminium (US\$/MT)	2579.0	2563.5	(0.6)

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com