

**MORNING MOCHA**

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ECONOMIST

Jahnavi Prabhakar

JOLTs data in the US surprised positively as the job openings in May'25 increased to 7.76mn from a reading of 7.39mn in Apr'25. In contrast, hiring dropped to 5.5mn with major decline in healthcare and business services. Based on JOLTs report, it is expected that Fed might not resume the easing cycle before Sep'25. Fed Chair reiterated that they will remain in wait and watch mode, especially with respect to assessing the impact of tariffs. US ISM manufacturing PMI climbed to 49 (6-month high) in Jun'25 from 48.5 in May'25. Investors will turn their focus towards employment report for more clarity on labour market. Separately in the UK, average housing prices growth moderated to 2.1% in Jun'25 from 3.5% in May'25, signalling weaker demand post the recent increase in stamp duty.

- Global indices closed mixed. Investors monitored the ongoing development in the US with respect to the spending bill which is expected to widen the national debt. Nikkei dropped the most amidst uncertainty around US-Japan trade deal. Sensex rebounded with gains in consumer durable stocks. It is trading higher today, while Asian indices are trading mixed.

**Fig 1 – Stock markets**

	30-06-2025	01-07-2025	Change, %
Dow Jones	44,095	44,495	0.9
S & P 500	6,205	6,198	(0.1)
FTSE	8,761	8,785	0.3
Nikkei	40,487	39,986	(1.2)
Hang Seng	24,284	24,072	(0.9)
Shanghai Comp	3,444	3,458	0.4
Sensex	83,606	83,697	0.1
Nifty	25,517	25,542	0.1

Source: Bloomberg, Bank of Baroda Research | Note: Hang Seng was closed on 01.07.2025

- Except CNY (flat), other global currencies closed higher against a weaker US\$. DXY fell by another 0.1%, as fiscal concerns continue to linger. JPY gained the most, supported by increased rate hike bets. INR appreciated by 0.3%, as oil prices ease. However, it is trading weaker today, in line with its Asian peers.

**Fig 2 – Currencies**

	30-06-2025	01-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1787	1.1806	0.2
GBP/USD (1 GBP / USD)	1.3732	1.3746	0.1
USD/JPY (JPY / 1 USD)	144.03	143.42	0.4
USD/INR (INR / 1 USD)	85.75	85.54	0.3
USD/CNY (CNY / 1 USD)	7.1638	7.1658	0
DXY Index	96.88	96.82	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Barring US and China, global yields fell elsewhere. US 10Y yield rose marginally by 1bps, as US Senate passed Trump administration's spending bill. Inflation risks also persist as reflected in price index in ISM manufacturing data. India's 10Y yield fell by 3bps, tracking decline in oil prices. However, following global cues, it is trading slightly higher at 6.30% today.

**Fig 3 – Bond 10Y yield**

	30-06-2025	01-07-2025	Change, bps
US	4.23	4.24	1
UK	4.49	4.45	(4)
Germany	2.61	2.57	(3)
Japan	1.43	1.39	(4)
China	1.65	1.65	0
India	6.32	6.29	(3)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	30-06-2025	01-07-2025	Change, bps
Tbill-91 days	5.37	5.34	(3)
Tbill-182 days	5.50	5.48	(2)
Tbill-364 days	5.52	5.52	0
G-Sec 2Y	5.79	5.76	(3)
India OIS-2M	5.44	5.44	0
India OIS-9M	5.51	5.51	0
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.39	4.45	6

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	30-06-2025	01-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.6	3.3	0.7
Reverse Repo	0.8	0.8	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	27-06-2025	30-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	982.6	866.0	(116.6)
Debt	319.4	769.0	449.6
Equity	663.3	97.0	(566.3)
Mutual funds (Rs cr)	(8,964.7)	(2,223.6)	6,741.1
Debt	(851.8)	(1,415.3)	(563.4)
Equity	(8,112.9)	(808.4)	7,304.5

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 26 Jun and 27 Jun 2025

- Oil prices fell further, due to concerns of oversupply and weak Chinese demand.

**Fig 7 – Commodities**

	30-06-2025	01-07-2025	Change, %
Brent crude (US\$/bbl)	67.6	67.1	(0.7)
Gold (US\$/ Troy Ounce)	3303.1	3338.8	1.1
Copper (US\$/ MT)	10050.7	10050.3	0
Zinc (US\$/MT)	2741.3	2695.3	(1.7)
Aluminium (US\$/MT)	2597.5	2598.5	0

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](mailto:chief.economist@bankofbaroda.com)