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The trade agreement has been finalized between US and Vietnam, as per which a 20% flat tariffs will be levied on the Vietnamese exports, which is much lower than a levy of 46% announced in Apr'25. Additionally, any trans-shipment would face a 40% levy. However, there no tariffs on US goods. In 2024, US imported over US\$ 136.6bn of goods from Vietnam against export of US\$ 13.1bn. The announcement came a week prior to the July 9 timeline as the clarity on other trade deals with India and Japan is still awaited. In US, private payroll dropped for the first time since Mar'23 by 33,000 against 29,000 job gains noted in May'25. Investors will shift their focus towards non-farm payrolls wherein labour market is expected to cool off. Separately, inflation in Eurozone edged up to 2% in Jun'25 (1.9% in May'25) closer to the ECB target.

- Global indices closed mixed. S&P 500 inched up with gains in technology stocks. FTSE dropped amidst uncertainty on the welfare reforms. Sensex slipped with losses in real estate and power stocks. However, it is trading higher today, while other Asian indices are trading mixed.

Fig 1 – Stock markets

	01-07-2025	02-07-2025	Change, %
Dow Jones	44,495	44,484	0
S & P 500	6,198	6,227	0.5
FTSE	8,785	8,775	(0.1)
Nikkei	39,986	39,762	(0.6)
Hang Seng	24,072	24,221	0.6
Shanghai Comp	3,458	3,455	(0.1)
Sensex	83,697	83,410	(0.3)
Nifty	25,542	25,453	(0.3)

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

- Except CNY (flat), other global currencies closed lower. DXY ended flat, as investors' reaction to improvement in mortgage applications was offset by decline in ADP employment. Bond market rout in the UK impacted its currency as well, which depreciated by 0.8%. INR too fell by 0.2%, tracking rise in oil prices. However, it is trading stronger today, in line with its Asian peers.

Fig 2 – Currencies

	01-07-2025	02-07-2025	Change, %
EUR/USD (1 EUR / USD)	1.1806	1.1799	(0.1)
GBP/USD (1 GBP / USD)	1.3746	1.3636	(0.8)
USD/JPY (JPY / 1 USD)	143.42	143.66	(0.2)
USD/INR (INR / 1 USD)	85.54	85.71	(0.2)
USD/CNY (CNY / 1 USD)	7.1658	7.1631	0
DXY Index	96.82	96.78	0

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. UK 10Y yield jumped sharply by 16bps as government announced reversal of scaling back of welfare measures. 10Y yield in Germany reacted to slight inching up of inflation in the Eurozone. Bond market in the US awaits to see if the spending bill will get passed in the House as well. India's 10Y yield ended flat and trading at the same level even today.

Fig 3 – Bond 10Y yield

	01-07-2025	02-07-2025	Change, bps
US	4.24	4.28	4
UK	4.45	4.61	16
Germany	2.57	2.66	9
Japan	1.39	1.43	4
China	1.65	1.64	0
India	6.29	6.29	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	01-07-2025	02-07-2025	Change, bps
Tbill-91 days	5.34	5.35	1
Tbill-182 days	5.48	5.50	2
Tbill-364 days	5.52	5.53	1
G-Sec 2Y	5.76	5.71	(4)
India OIS-2M	5.44	5.43	(1)
India OIS-9M	5.51	5.50	(1)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.45	4.44	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	01-07-2025	02-07-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.3	3.7	0.4
Reverse Repo	0.8	0.8	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	30-06-2025	01-07-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	866.0	398.3	(467.7)
Debt	769.0	269.2	(499.8)
Equity	97.0	129.1	32.1
Mutual funds (Rs cr)	(389.2)	87.9	477.0
Debt	(165.3)	(2,164.8)	(1,999.6)
Equity	(223.9)	2,252.7	2,476.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 27 Jun and 30 Jun 2025

- Oil prices rose, reacting to news of Iran suspending its corporation with IAEA.

Fig 7 – Commodities

	01-07-2025	02-07-2025	Change, %
Brent crude (US\$/bbl)	67.1	69.1	3.0
Gold (US\$/ Troy Ounce)	3338.8	3357.5	0.6
Copper (US\$/ MT)	10050.3	10109.2	0.6
Zinc (US\$/MT)	2695.3	2735.5	1.5
Aluminium (US\$/MT)	2598.5	2620.0	0.8

Source: Bloomberg, Bank of Baroda Research



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