

MORNING MOCHA

07 January 2025

ECONOMIST
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Global composite PMI rose to 52.6 in Dec'24 from 52.4 in Nov'24, led by a steady expansion in services activity. In fact, services PMI in the US, UK, Eurozone and India edged up due to an increase in new orders. Employment growth was also registered higher, while input costs also inched up. Separately in the US, factory order declined by 0.4% in Nov'24 after increasing by 0.5% in Oct'24. Uncertainty remained over US tariff policies, as the President elect refuted news reports of tariffs on only select products. In Germany, inflation edged up to 2.6% in Dec'24 (est. 2.4%), from 2.2% in Nov'24, which is likely to weigh on the minds of ECB policymakers. In India, services PMI rose to 59.3 in Dec'24 from 58.4 in Nov'24, led by strong order growth in financial and insurance sector.

- Global indices largely ended lower. S&P500 rose by 0.6% supported by strong gains in technology (1.4%) and communication services (2.1%) stocks. Investors will turn their focus towards upcoming speeches by Fed officials in order to gauge the rates trajectory. Sensex slipped by 1.6% amidst a broad based sell-off. Power, metal and oil & gas stocks dropped the most. However, it is trading higher today, in line with other Asian indices.

Fig 1 – Stock markets

	03-01-2025	06-01-2025	Change, %
Dow Jones	42,732	42,707	(0.1)
S & P 500	5,942	5,975	0.6
FTSE	8,224	8,250	0.3
Nikkei	39,895	39,307	(1.5)
Hang Seng	19,760	19,688	(0.4)
Shanghai Comp	3,211	3,207	(0.1)
Sensex	79,223	77,965	(1.6)
Nifty	24,005	23,616	(1.6)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY declined 0.6% amidst uncertainty over US tariff. EUR and GBP rose by 0.8% each. However, Asian currencies were mostly weaker. INR slipped to a fresh record low. However, it is trading a tad stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	03-01-2025	06-01-2025	Change, %
EUR/USD (1 EUR / USD)	1.0308	1.0390	0.8
GBP/USD (1 GBP / USD)	1.2423	1.2520	0.8
USD/JPY (JPY / 1 USD)	157.26	157.62	(0.2)
USD/INR (INR / 1 USD)	85.78	85.83	(0.1)
USD/CNY (CNY / 1 USD)	7.3215	7.3281	(0.1)

Source: Bloomberg, Bank of Baroda



- Barring China and India, other global 10Y yields closed higher. 10Y yield in Japan and US rose the most. Uncertainty over upcoming tariff policies by the US President-elect weighed on investor sentiments. 10Y yield in Japan edged up amidst reports of BoJ signalling more rate hikes. India's 10Y yield eased by 3bps but is trading lower at 6.74% today.

Fig 3 – Bond 10Y yield

	03-01-2025	06-01-2025	Change, bps
US	4.60	4.63	3
UK	4.59	4.61	2
Germany	2.43	2.45	2
Japan	1.10	1.14	3
China	1.62	1.60	(2)
India	6.78	6.75	(3)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	03-01-2025	06-01-2025	change in bps
Tbill-91 days	6.52	6.46	(6)
Tbill-182 days	6.67	6.64	(3)
Tbill-364 days	6.64	6.65	1
G-Sec 2Y	6.71	6.67	(4)
India OIS-2M	6.66	6.66	0
India OIS-9M	6.53	6.51	(2)
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.40	4.31	(9)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	03-01-2025	06-01-2025	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	0.4	1.0	0.6
Reverse Repo	0	0	0
Repo	1.3	1.3	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	02-01-2025	03-01-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	275.7	(310.8)	(586.5)
Debt	81.7	24.4	(57.3)
Equity	193.9	(335.2)	(529.2)
Mutual funds (Rs cr)	168.0	(1,136.3)	(1,304.3)
Debt	(1,258.8)	(887.4)	371.4
Equity	1,426.7	(249.0)	(1,675.7)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Funds data as of 01 Jan and 02 Jan 2025

- Oil prices declined amidst concerns over demand prospects.

Fig 7 – Commodities

	03-01-2025	06-01-2025	% change
Brent crude (US\$/bbl)	76.5	76.3	(0.3)
Gold (US\$/ Troy Ounce)	2,640.2	2,636.5	(0.1)
Copper (US\$/ MT)	8,768.0	8,887.1	1.4
Zinc (US\$/MT)	2,859.7	2,865.5	0.2
Aluminium (US\$/MT)	2,493.5	2,490.0	(0.1)

Source: Bloomberg, Bank of Baroda Research



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