

MORNING MOCHA

27 June 2025

ECONOMIST

Dipanwita Mazumdar

Global markets got a breather from signs of optimistic developments. There has been some progress on US-China trade dynamics with some hint of implementation of the Geneva accord. US Commerce Secretary has further confirmed that efforts are in progress to reach agreements with 10 of its major trading partners before the 9 Jul deadline. Equity and bonds also got support from growing expectation of softer monetary policy by Fed. On macro front, US GDP (Q1: 3rd estimate) contracted at a faster pace at -0.5%, QoQ (est.: -0.2%) due to slowdown in services spending. The 4-week moving average jobless claims data remained elevated, thus pointing to weaker labour market conditions. In Germany, consumer confidence softened. In China, industrial profits fell at a sharp pace on account of muted commodity prices. On domestic front, month-end releases will be closely watched.

- Except China and Hong Kong, equity markets elsewhere rallied. Easing concerns over the Middle East crisis and optimism over US-China trade deal buoyed investor sentiments. Nikkei rose the most by 1.6%. Sensex surged by 1.2%, driven by a rally in metal and oil and gas stocks. It is trading further higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	25-06-2025	26-06-2025	Change, %
Dow Jones	42,982	43,387	0.9
S & P 500	6,092	6,141	0.8
FTSE	8,719	8,736	0.2
Nikkei	38,942	39,585	1.6
Hang Seng	24,475	24,325	(0.6)
Shanghai Comp	3,456	3,448	(0.2)
Sensex	82,756	83,756	1.2
Nifty	25,245	25,549	1.2

Source: Bloomberg, Bank of Baroda Research

- Global currencies gained against a weaker dollar. DXY declined as bets of a rate cut in Jul'25 have increased. Easing trade and geo-political tensions also diminished the demand for safe-haven. INR appreciated by 0.4% to a 2-week high. It is trading further stronger today, in line with its Asian peers.

Fig 2 – Currencies

	25-06-2025	26-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1659	1.1701	0.4
GBP/USD (1 GBP / USD)	1.3664	1.3728	0.5
USD/JPY (JPY / 1 USD)	145.24	144.42	0.6
USD/INR (INR / 1 USD)	86.09	85.71	0.4
USD/CNY (CNY / 1 USD)	7.1741	7.1676	0.1
DXY Index	97.68	97.15	(0.5)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield fell at the sharpest pace as macro data remained weak hinting at softer monetary policy, going ahead. Japan's 10Y yield inched up ahead of the CPI data. Elsewhere, yields traded in a narrow range. India's 10Y yield softened a tad. The benchmark security is trading at 6.28% today.

Fig 3 – Bond 10Y yield

	25-06-2025	26-06-2025	Change, bps
US	4.29	4.24	(5)
UK	4.48	4.47	(1)
Germany	2.57	2.57	0
Japan	1.40	1.42	3
China	1.66	1.65	(1)
India	6.29	6.28	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	25-06-2025	26-06-2025	Change, bps
Tbill-91 days	5.39	5.38	(1)
Tbill-182 days	5.51	5.52	1
Tbill-364 days	5.55	5.53	(2)
G-Sec 2Y	5.78	5.79	1
India OIS-2M	5.43	5.43	0
India OIS-9M	5.51	5.50	(1)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.30	4.36	6

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	25-06-2025	26-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.5	2.7	0.2
Reverse Repo	0	0	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	24-05-2025	25-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(548.9)	(83.1)	465.8
Debt	(45.2)	16.4	61.6
Equity	(503.6)	(99.5)	404.2
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 inched up tracking a decline in US crude inventories.

Fig 7 – Commodities

	25-06-2025	26-06-2025	Change, %
Brent crude (US\$/bbl)	67.7	67.7	0.1
Gold (US\$/ Troy Ounce)	3332.3	3327.9	(0.1)
Copper (US\$/ MT)	9813.2	10219.3	4.1
Zinc (US\$/MT)	2687.1	2765.7	2.9
Aluminium (US\$/MT)	2563.5	2583.5	0.8

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com