

**MORNING MOCHA**

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Global markets rebounded. Equities and currencies posted gains while oil and gold moderated, focussing on Middle East truce. In other developments, Fed Chair clarified that if inflation remains contained and labour market is weak, next cut is going to happen sooner. US President has announced that China can buy oil from Iran, thus creating uncertainty on the existing sanctions of US on Iran. On trade front, there are reports that EU might impose retaliatory tariffs on US as the 9 Jul deadline is nearing. As per EU estimates, US duties cover ~70% of its exports. On macro front, US Consumer confidence softened while Germany's Ifo business climate improved. In Japan PPI firmed up. On domestic front, RBI has announced Rs 1 lakh crore VRRR as part of liquidity normalisation. Hence impact on long and short end yield will be largely capped, as the announcement was on expected lines.

- Global indices rebounded as tensions in the Middle East cooled off with ceasefire agreement. Technology and financial stocks were biggest gainers as S&P rallied to near record high. Fed chair's testimony was consistent with his statement, post the policy decision last week. Sensex too inched up with gains in metal and banking stocks. It is trading higher today in line with Asian indices.

**Fig 1 – Stock markets**

	23-06-2025	24-06-2025	Change, %
Dow Jones	42,582	43,089	1.2
S & P 500	6,025	6,092	1.1
FTSE	8,758	8,759	0
Nikkei	38,354	38,791	1.1
Hang Seng	23,689	24,177	2.1
Shanghai Comp	3,382	3,421	1.2
Sensex	81,897	82,055	0.2
Nifty	24,972	25,044	0.3

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed higher. DXY weakened as geopolitical tension subsided, thereby diminishing the demand for safe-haven assets. INR appreciated (2-week high) as oil prices fell. It is trading stronger today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	23-06-2025	24-06-2025	Change, %
EUR/USD (1 EUR / USD)	1.1578	1.1609	0.3
GBP/USD (1 GBP / USD)	1.3524	1.3615	0.7
USD/JPY (JPY / 1 USD)	146.15	144.94	0.8
USD/INR (INR / 1 USD)	86.75	85.98	0.9
USD/CNY (CNY / 1 USD)	7.1789	7.1716	0.1
DXY Index	98.42	97.86	(0.6)

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield fell at the sharpest pace as Fed Chair hinted at rate cut if inflation remains aligned to the target. Germany's 10Y yield showed some momentum as ECB's Chief Economist hinted that disinflation process is largely completed. India's 10Y yield fell by 5bps amidst risk off sentiment. The benchmark security is trading at 6.27% today.

**Fig 3 – Bond 10Y yield**

	23-06-2025	24-06-2025	Change, bps
US	4.35	4.29	(5)
UK	4.49	4.47	(2)
Germany	2.51	2.54	4
Japan	1.42	1.42	1
China	1.64	1.65	1
India	6.31	6.25	(5)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	23-06-2025	24-06-2025	Change, bps
Tbill-91 days	5.32	5.30	(2)
Tbill-182 days	5.41	5.40	(1)
Tbill-364 days	5.47	5.47	0
G-Sec 2Y	5.77	5.73	(3)
India OIS-2M	5.38	5.37	(1)
India OIS-9M	5.50	5.48	(2)
SONIA int rate benchmark	4.22	4.22	0
US SOFR	4.29	4.29	0

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	23-06-2025	24-06-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.4	2.6	0.2
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	20-05-2025	23-06-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	1,379.7	(129.4)	(1,509.1)
Debt	286.1	82.1	(204.0)
Equity	1,093.6	(211.5)	(1,305.1)
Mutual funds (Rs cr)	(4,754.2)	(2,409.1)	2,345.1
Debt	(4,927.9)	(860.2)	4,067.7
Equity	173.7	(1,549.0)	(1,722.7)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 19 Jun and 20 Jun 2025

- Oil prices slid further as ceasefire holds, thereby reducing the supply risk.

**Fig 7 – Commodities**

	23-06-2025	24-06-2025	Change, %
Brent crude (US\$/bbl)	71.5	67.1	(6.1)
Gold (US\$/ Troy Ounce)	3368.5	3323.7	(1.3)
Copper (US\$/ MT)	9947.5	9819.9	(1.3)
Zinc (US\$/MT)	2664.8	2661.3	(0.1)
Aluminium (US\$/MT)	2588.5	2579.0	(0.4)

Source: Bloomberg, Bank of Baroda Research



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