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ECONOMIST

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DXY firmed up as majority of the Fed officials reiterated inflationary concerns. Elsewhere, one of BoE officials' spoke of a cautious policy approach amidst fears of de-anchoring of household inflation expectations. ECB minutes highlighted that interest rates are likely to remain unchanged in future. In other development, officials of France have pointed out that fiscal consolidation will be maintained. Oil prices faced downside pressure as Israel has approved a framework for releasing hostages of Gaza. Among macro releases, trade data in Germany showed signs of stress with exports falling more than anticipated on a sequential basis and faster pace of decline in imports. In Japan, PPI witnessed sequential uptick further raising doubts about BoJ's action. On domestic front, weekly domestic auctions will be monitored.

- Global indices ended mixed. In the US, investors monitor the impact of government shutdown. In Japan, hopes of fiscal support to propel growth supported investor sentiments. Non-ferrous and rare earth metals related stocks jumped the most in China. Sensex rose by 0.5%, led by metals and tech stocks. It is trading even higher today, while other Asian markets are trading lower.

Table 1 – Stock markets

	8-10-2025	9-10-2025	Change, %
Dow Jones	46,602	46,358	(0.5)
S & P 500	6,754	6,735	(0.3)
FTSE	9,549	9,509	(0.4)
Nikkei	47,735	48,580	1.8
Hang Seng	26,829	26,753	(0.3)
Shanghai Comp	3,883	3,934	1.3
Sensex	81,774	82,172	0.5
Nifty	25,046	25,182	0.5

Source: Bloomberg, Bank of Baroda Research

- Except INR (flat), other global currencies continued to weaken against the dollar. DXY rose by 0.6% tracking comments of Fed officials. Yen was driven by expectation of BoJ's action to be on hold. Germany's weak trade data impacted EUR. INR ended flat, near its all-time low. It is trading steady even today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	8-10-2025	9-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1628	1.1564	(0.6)
GBP/USD (1 GBP / USD)	1.3404	1.3304	(0.7)
USD/JPY (JPY / 1 USD)	152.69	153.07	(0.2)
USD/INR (INR / 1 USD)	88.80	88.79	0
USD/CNY (CNY / 1 USD)	7.1224	7.1300	(0.1)
DXI Index	98.92	99.54	0.6

Source: Bloomberg, Bank of Baroda Research



- Global yields trajectory continued to be guided by risk off sentiments. UK's 10Y yield rose the most tracking comments of one of the BoE officials' who advocated rate hike. Even commentaries of Fed officials led to some momentum in US 10Y yield. India's 10Y yield inched up tracking global yields. It is trading at the same level today.

Table 3 – Bond 10Y yield

	8-10-2025	9-10-2025	Change, bps
US	4.12	4.14	2
UK	4.71	4.75	4
Germany	2.68	2.70	2
Japan	1.69	1.70	1
China	1.87	1.85	(2)
India	6.50	6.52	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	8-10-2025	9-10-2025	Change, bps
Tbill-91 days	5.41	5.42	1
Tbill-182 days	5.53	5.52	(1)
Tbill-364 days	5.54	5.53	(1)
G-Sec 2Y	5.65	5.67	2
India OIS-2M	5.49	5.51	2
India OIS-9M	5.40	5.41	1
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.14	4.12	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	8-10-2025	9-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	1.6	0.3

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	7-10-2025	8-10-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	50.4	263.0	212.6
Debt	(137.1)	179.9	317.0
Equity	187.5	83.1	(104.4)
Mutual funds (Rs cr)	4,370.9	2,189.4	(2,181.5)
Debt	4,397.9	(1,168.6)	(5,566.5)
Equity	(27.0)	3,358.1	3,385.1

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 3 Oct and 6 Oct 2025

- Oil prices fell, led by easing geopolitical tensions.

Table 7 – Commodities

	8-10-2025	9-10-2025	Change, %
Brent crude (US\$/bbl)	66.3	65.2	(1.6)
Gold (US\$/ Troy Ounce)	4,042.0	3,976.9	(1.6)
Copper (US\$/ MT)	10,639.5	10,842.6	1.9
Zinc (US\$/MT)	3,064.1	3,077.3	0.4
Aluminium (US\$/MT)	2,753.5	2,798.5	1.6

Source: Bloomberg, Bank of Baroda Research



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