

MORNING MOCHA

10 September 2025

ECONOMIST

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Global markets remained upbeat with risk-on sentiment gaining ground ahead of Fed policy decision. The non-farm payroll data for Mar'25 has also been revised downward for the 3rd consecutive time. The upcoming inflation data is also expected to show loss of momentum. Thus, it builds up case for faster pace of easing by Fed in the near term. Elsewhere, in Taiwan, exports rose at a faster pace than anticipated led by firm demand for AI-related products and integrated circuits. In China, PPI remained in negative territory at -2.9%, YoY, in Aug'25, for 35th month in a row. CPI on the other hand, slipped into deflation at -0.4%, YoY, for the first time in past three months. On domestic front, all eyes will be on the inflation data (BoB est.: 2%). Other development could be some optimism on tariff related front as US President hinted that the negotiations with India will continue.

- Global stocks ended mixed. US stocks continued their rally with both S&P 500 and Dow Jones touching a record high. Downward revision in US payrolls further fuelled bets of a Fed rate cut. On the other hand, a stronger yen weighed on Nikkei. Sensex rose by 0.4% supported by a strong uptick in tech shares. It is trading further higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	08-09-2025	09-09-2025	Change, %
Dow Jones	45,515	45,711	0.4
S & P 500	6,495	6,513	0.3
FTSE	9,221	9,243	0.2
Nikkei	43,644	43,459	(0.4)
Hang Seng	25,634	25,938	1.2
Shanghai Comp	3,827	3,807	(0.5)
Sensex	80,787	81,101	0.4
Nifty	24,773	24,869	0.4

Source: Bloomberg, Bank of Baroda Research

- DXY rose by 0.3%, as investors await US inflation report. Higher yields also supported the dollar. INR rose by 0.2% supported by hopes of resumption of US trade talks. It is however trading weaker today on reports of fresh US sanctions on countries buying Russian oil. Other Asian currencies are trading mixed.

Fig 2 – Currencies

	08-09-2025	09-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1763	1.1708	(0.5)
GBP/USD (1 GBP / USD)	1.3545	1.3528	(0.1)
USD/JPY (JPY / 1 USD)	147.50	147.41	0.1
USD/INR (INR / 1 USD)	88.27	88.11	0.2
USD/CNY (CNY / 1 USD)	7.1298	7.1238	0.1
DXY Index	97.45	97.79	0.3

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 8 Sep 2025



- Barring Japan (stable), global yields inched up as risk on sentiments prevailed amidst expectation of easy liquidity conditions. This has boosted equity flows instead of the safe-haven demand for sovereign debt class. US 10Y yield rose the most as uncertainty reigned over central bank's independence. India's 10Y yield rose by 3bps. It is trading at the same level today.

Fig 3 – Bond 10Y yield

	08-09-2025	09-09-2025	Change, bps
US	4.04	4.09	5
UK	4.61	4.62	2
Germany	2.64	2.66	2
Japan	1.57	1.57	0
China	1.79	1.80	1
India	6.47	6.49	3

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 8 Sep 2025

Fig 4 – Short term rates

	08-09-2025	09-09-2025	Change, bps
Tbill-91 days	5.50	5.47	(3)
Tbill-182 days	5.61	5.57	(4)
Tbill-364 days	5.65	5.61	(4)
G-Sec 2Y	5.82	5.82	1
India OIS-2M	5.48	5.48	0
India OIS-9M	5.46	5.45	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.42	4.40	(2)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 8 Sep 2025

Fig 5 – Liquidity

Rs tn	05-09-2025	09-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.9	2.7	(0.2)
Reverse Repo	1.5	1.5	0
Repo*	0	0	0

Source: RBI, Bank of Baroda Research, *Includes LTRO | Note: Markets in India were closed on 8 Sep 2025

Fig 6 – Capital market flows

	03-09-2025	04-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(46.8)	(111.7)	(64.9)
Debt	31.0	(91.8)	(122.7)
Equity	(77.7)	(19.9)	57.8
Mutual funds (Rs cr)	839.9	(3,906.8)	(4,746.7)
Debt	(2,439.9)	(4,580.3)	(2,140.4)
Equity	3,279.8	673.5	(2,606.3)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 1 and 2 Sep 2025

- Oil prices rose amidst reports of fresh US sanctions on Russian oil.

Fig 7 – Commodities

	08-09-2025	09-09-2025	Change, %
Brent crude (US\$/bbl)	66.0	66.4	0.6
Gold (US\$/ Troy Ounce)	3,636.0	3,626.6	(0.3)
Copper (US\$/ MT)	9,833.9	9,836.0	0
Zinc (US\$/MT)	2,893.0	2,873.6	(0.7)
Aluminium (US\$/MT)	2,617.5	2,622.5	0.2

Source: Bloomberg, Bank of Baroda Research



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