

MORNING MOCHA

11 September 2025

ECONOMIST

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Among major macro releases has been the US PPI data which declined sequentially by -0.1%, in Aug'25, for the first time in past four months. This coupled with downward revision of payroll data might hint at an outsized rate cut by Fed. It should be noted that PPI lost steam albeit higher input costs on account of elevated tariff rates. So, producers are not yet passing on the price effect to consumers. In Japan as well PPI lost momentum. In UK, housing market showed signs of stress as reflected in the house price data. Amidst other global developments have been the ruling of US District Court over Fed's independence. The Senate Banking Committee on the other hand has advanced the nomination by US President of Stephen Miran, thus again raising questions on Fed's independence. On domestic front, India-EU trade deal is closely looked after, hinting at further diversification of trade relations.

- Except FTSE and Dow Jones, other global indices ended higher. A benign US PPI reading has led investors to scale up bets of Fed rate cuts. In the US, S&P 500 surged to a fresh high driven by gains in tech stocks. In Asia, Hang Seng led the gains, rising by 1%. Sensex inched up further as tech and real estate stocks rose. It is trading further higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	09-09-2025	10-09-2025	Change, %
Dow Jones	45,711	45,491	(0.5)
S & P 500	6,513	6,532	0.3
FTSE	9,243	9,225	(0.2)
Nikkei	43,459	43,838	0.9
Hang Seng	25,938	26,200	1.0
Shanghai Comp	3,807	3,812	0.1
Sensex	81,101	81,425	0.4
Nifty	24,869	24,973	0.4

Source: Bloomberg, Bank of Baroda Research

- Global currencies traded in narrow ranges as focus remained on US inflation data which will set the tone for the Fed policy. DXY ended flat after a weak PPI report. Barring EUR, other currencies ended broadly stable. INR too was rangebound. It is however trading weaker today, in line with Asian peers.

Fig 2 – Currencies

	09-09-2025	10-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1708	1.1695	(0.1)
GBP/USD (1 GBP / USD)	1.3528	1.3529	0
USD/JPY (JPY / 1 USD)	147.41	147.46	0
USD/INR (INR / 1 USD)	88.11	88.10	0
USD/CNY (CNY / 1 USD)	7.1238	7.1210	0
DXY Index	97.79	97.78	0

Source: Bloomberg, Bank of Baroda Research



- Except US, global 10Y yield traded in a narrow range. In the US, it fell by 4bps as softening PPI data further raised hopes of an easier monetary policy approach by Fed. India's 10Y yield softened a tad. It is trading at the same level today and might see some moderation post inflation data.

Fig 3 – Bond 10Y yield

	09-09-2025	10-09-2025	Change, bps
US	4.09	4.05	(4)
UK	4.62	4.63	1
Germany	2.66	2.65	(1)
Japan	1.57	1.57	0
China	1.80	1.82	2
India	6.49	6.48	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	09-09-2025	10-09-2025	Change, bps
Tbill-91 days	5.47	5.50	3
Tbill-182 days	5.57	5.61	4
Tbill-364 days	5.61	5.65	4
G-Sec 2Y	5.82	5.84	1
India OIS-2M	5.48	5.47	(1)
India OIS-9M	5.45	5.44	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.40	4.40	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	09-09-2025	10-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.7	2.6	(0.1)
Reverse Repo	1.5	1.5	0
Repo*	0	0	0

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

Fig 6 – Capital market flows

	04-09-2025	09-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(111.7)	77.3	189.0
Debt	(91.8)	12.6	104.3
Equity	(19.9)	64.8	84.7
Mutual funds (Rs cr)	327.8	(304.2)	(632.0)
Debt	(810.3)	-	810.3
Equity	1,138.1	(304.2)	(1,442.3)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 5 and 8 Sep 2025

- Oil prices rose by over 1% tracking geo-political tensions.

Fig 7 – Commodities

	09-09-2025	10-09-2025	Change, %
Brent crude (US\$/bbl)	66.4	67.5	1.7
Gold (US\$/ Troy Ounce)	3,626.6	3,640.8	0.4
Copper (US\$/ MT)	9,836.0	9,956.4	1.2
Zinc (US\$/MT)	2,873.6	2,909.5	1.2
Aluminium (US\$/MT)	2,622.5	2,625.0	0.1

Source: Bloomberg, Bank of Baroda Research



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