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ECONOMIST
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After US Fed reduced borrowing rate, other Central Banks sprang into action. The Philippine Central Bank also cut rates by 25bps to 4.5%. Swiss National Bank kept rates on hold at 0% citing global economy continues to pose a risk to domestic economic outlook. Apart from this, BoE is scheduled to meet next week, wherein a 25bps rate cut is expected, with the possibility of split vote. On the other hand, ECB is expected to maintain status quo on rates given the recent evidence of inflation inching upwards. In a divergent move from its peers, BoJ is likely to hike rate, and the same has been priced in, given the weakening Yen. The focus would be more on the neutral rate, which will be in the range of 1%-2.5%. Separately, the weekly US jobless claims rose to 4-year high to 236,000, much higher than anticipated. However, since the data during the beginning of holiday period is volatile, the focus should be on 4-week moving average claims which remains stable.

- Global equity indices closed mixed. US stocks extended their gains further with S&P 500 posting a record high as investors tracked the rate cut announcement. Sensex rebounded with strong gains in metal and auto stocks. It is trading higher today while other Asian indices are trading mixed.

Table 1 – Stock markets

	10-12-2025	11-12-2025	Change, %
Dow Jones	48,058	48,704	1.3
S & P 500	6,887	6,901	0.2
FTSE	9,656	9,703	0.5
Nikkei	50,603	50,149	(0.9)
Hang Seng	25,541	25,531	0
Shanghai Comp	3,900	3,873	(0.7)
Sensex	84,391	84,818	0.5
Nifty	25,758	25,899	0.5

Source: Bloomberg, Bank of Baroda Research|

- Major global currencies closed mixed. DXY index fell by (-) 0.4%. EUR reached its 9-week high as US$ lost steam following higher than expected jobless claims data. INR fell by (-) 0.4%, reaching its lifetime low of 90.37/$, owing to persistent pressure from capital outflows. It is trading further lower today at another record low of 90.47/$, while other Asian currencies are trading mixed.

Table 2 – Currencies

	10-12-2025	11-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1695	1.1738	0.4
GBP/USD (1 GBP / USD)	1.3383	1.3388	0
USD/JPY (JPY / 1 USD)	156.02	155.59	0.3
USD/INR (INR / 1 USD)	89.98	90.37	(0.4)
USD/CNY (CNY / 1 USD)	7.0680	7.0571	0.2
DXY Index	98.79	98.35	(0.4)

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Source: Bloomberg, Bank of Baroda Research

- Barring US, other global 10Y yields declined. US 10Y yield remains elevated as investors gauge the probability of slower pace of rate cuts by Fed next year. Yields in Japan and India fell the most. In Japan, investors are cautious ahead of BoJ meeting next week. India's 10Y yield fell by 4bps, tracking global cues and decline in oil prices. However, it is trading a tad higher today at 6.59%.

Table 3 – Bond 10Y yield

	10-12-2025	11-12-2025	Change, bps
US	4.15	4.16	1
UK	4.51	4.48	(2)
Germany	2.85	2.84	(1)
Japan	1.96	1.93	(3)
China	1.84	1.82	(2)
India	6.63	6.58	(4)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	10-12-2025	11-12-2025	Change, bps
Tbill-91 days	5.26	5.27	1
Tbill-182 days	5.47	5.41	(6)
Tbill-364 days	5.49	5.45	(4)
G-Sec 2Y	5.79	5.81	2
India OIS-2M	5.33	5.33	0
India OIS-9M	5.44	5.42	(2)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	3.93	3.90	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	10-12-2025	11-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.7	1.8	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	09-12-2025	10-12-2025	change (US$ mn/Rs cr)
FII (US$ mn)	(560.7)	(195.2)	365.5
Debt	(324.2)	33.2	357.4
Equity	(236.5)	(228.4)	8.1
Mutual funds (Rs cr)	1,985.2	445.3	(1,539.9)
Debt	(635.7)	(689.4)	(53.6)
Equity	2,620.9	1,134.7	(1,486.3)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 05 Dec and 08 Dec 2025

- Oil prices fell by 1.5% (nearly 7-week low), amidst oversupply concerns.

Table 7 – Commodities

	10-12-2025	11-12-2025	Change, %
Brent crude (US$/bbl)	62.2	61.3	(1.5)
Gold (US$/ Troy Ounce)	4,228.8	4,280.2	1.2
Copper (US$/ MT)	11,568.2	11,896.8	2.8
Zinc (US$/MT)	3,240.5	3,376.3	4.2
Aluminium (US$/MT)	2,867.0	2,900.0	1.2

Source: Bloomberg, Bank of Baroda Research

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