

MORNING MOCHA

12 September 2025

ECONOMIST

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Global markets monitored major macro releases in the US. The CPI data showed higher sequential momentum than expected (0.4%, MoM and 2.9%, YoY). The headline numbers are reflective of stickiness in prices amidst elevated tariff rates. Core on the other hand remained in line with expectation (0.3%, MoM and 3.1%, YoY). The labour market conditions weakened with rise in initial jobless claims to 263K, for the week ending 6 Sep (prior level: 237K). Thus, concerns over labour market are likely to outweigh some build-up in inflation for Fed. This is also reflected in the higher probability attached to 25bps rate, as per CME Fedwatch data. Elsewhere, ECB Governing Council signalled status quo in rates for some time. On domestic front, CPI data will be closely watched.

- Except Hong Kong, stocks elsewhere ended higher. US stocks rose to a record high despite a mixed inflation reading. Investors continue to bet on Fed rate cut amidst signs of a slowdown in US labour market (jobless claims). In Asia, Nikkei surged on AI optimism. Sensex rose by 0.2% as oil and gas and power stocks inched up. It is trading further higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	10-09-2025	11-09-2025	Change, %
Dow Jones	45,491	46,108	1.4
S & P 500	6,532	6,587	0.8
FTSE	9,225	9,298	0.8
Nikkei	43,838	44,373	1.2
Hang Seng	26,200	26,086	(0.4)
Shanghai Comp	3,812	3,875	1.7
Sensex	81,425	81,549	0.2
Nifty	24,973	25,006	0.1

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies ended stronger. DXY declined as US jobless claims remained elevated. EUR rose by 0.3% as ECB left rates unchanged and painted an upbeat picture of growth. INR depreciated by 0.4% to a record low due to strong dollar demand. It is however trading stronger today, in line with Asian peers.

Fig 2 – Currencies

	10-09-2025	11-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1695	1.1734	0.3
GBP/USD (1 GBP / USD)	1.3529	1.3574	0.3
USD/JPY (JPY / 1 USD)	147.46	147.21	0.2
USD/INR (INR / 1 USD)	88.10	88.44	(0.4)
USD/CNY (CNY / 1 USD)	7.1210	7.1186	0
DXY Index	97.78	97.53	(0.3)

Source: Bloomberg, Bank of Baroda Research



- Global yields traded mixed. UK 10Y yield softened by 3bps ahead of the monthly GDP data release. For the US, weak labour market data led to a fall in yields. In Germany, 10Y yield closed stable awaiting inflation data. For India, it fell a tad lower and is trading at the same level today.

Fig 3 – Bond 10Y yield

	10-09-2025	11-09-2025	Change, bps
US	4.05	4.02	(2)
UK	4.63	4.61	(3)
Germany	2.65	2.66	0
Japan	1.57	1.58	1
China	1.82	1.81	(2)
India	6.48	6.47	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	10-09-2025	11-09-2025	Change, bps
Tbill-91 days	5.50	5.49	(1)
Tbill-182 days	5.61	5.61	0
Tbill-364 days	5.65	5.64	(1)
G-Sec 2Y	5.84	5.82	(1)
India OIS-2M	5.47	5.44	(3)
India OIS-9M	5.44	5.43	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.40	4.39	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	10-09-2025	11-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.6	2.9	0.3
Reverse Repo	1.5	1.7	0.2
Repo*	0	0	0

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

Fig 6 – Capital market flows

	09-09-2025	10-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	77.3	603.7	526.3
Debt	12.6	93.7	81.1
Equity	64.8	510.0	445.2
Mutual funds (Rs cr)	511.1	(5,406.3)	(5,917.3)
Debt	34.1	(5,093.9)	(5,128.0)
Equity	477.0	(312.4)	(789.4)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 8 and 9 Sep 2025

- Oil prices dipped as IEA report hinted at possible oversupply.

Fig 7 – Commodities

	10-09-2025	11-09-2025	Change, %
Brent crude (US\$/bbl)	67.5	66.4	(1.7)
Gold (US\$/ Troy Ounce)	3,640.8	3,634.1	(0.2)
Copper (US\$/ MT)	9,956.4	9,990.0	0.3
Zinc (US\$/MT)	2,909.5	2,922.5	0.4
Aluminium (US\$/MT)	2,625.0	2,673.5	1.8

Source: Bloomberg, Bank of Baroda Research



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