

MORNING MOCHA

15 December 2025

ECONOMIST

Dipanwita Mazumdar

Global markets continued to assess the impact of easier liquidity conditions supported by the recent rate cut by Fed. Among other macro releases, has been UK's monthly GDP data, which contracted by -0.1% in 3-months to Oct'25 compared to growth of 0.1% in the 3-months to Sep'25, led by slowdown in services sector. This becomes crucial reading ahead of BoE's rate decision where money market is largely pricing in a 25bps rate cut before ending the CY25 cycle. Germany's CPI came in at 2.3% in Nov'25, almost at the same level seen in Oct'25. In China, retail sales, industrial production and investment in fixed assets all pointed to some degree of softening, as all numbers missed estimates. Thus, calling for further policy support. On domestic front, headline CPI bottomed out but the weakness of core inflation remains.

- Except US and UK, stocks elsewhere ended in green. In the US, AI concerns weighed on investor sentiments, leading to losses in tech stocks. Stocks in Asia ended higher buoyed by Fed rate cut bets. Hang Seng and Nikkei rose by 1.7% and 1.4% respectively. In India, Sensex rose by 0.5% led by gains in metal and real estate stocks. It is trading lower today, in line with other Asian stocks.

Table 1 – Stock markets

	11-12-2025	12-12-2025	Change, %
Dow Jones	48,704	48,458	(0.5)
S & P 500	6,901	6,827	(1.1)
FTSE	9,703	9,649	(0.6)
Nikkei	50,149	50,837	1.4
Hang Seng	25,531	25,977	1.7
Shanghai Comp	3,873	3,889	0.4
Sensex	84,818	85,268	0.5
Nifty	25,899	26,047	0.6

Source: Bloomberg, Bank of Baroda Research

- Global currencies traded in thin ranges. DXY strengthened marginally as investors assess Fed rate path. GBP declined by 0.1% after a dismal GDP report. INR depreciated to a record low amid weak sentiments. It is trading further weaker today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	11-12-2025	12-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1738	1.1740	0
GBP/USD (1 GBP / USD)	1.3388	1.3371	(0.1)
USD/JPY (JPY / 1 USD)	155.59	155.81	(0.1)
USD/INR (INR / 1 USD)	90.37	90.42	(0.1)
USD/CNY (CNY / 1 USD)	7.0571	7.0550	0
DXY Index	98.35	98.40	0.1

Source: Bloomberg, Bank of Baroda Research



- The impact of Fed rate cut dissipated across 10Y yields of major AEs and EMs. For UK and UK, it rose by 3bps each albeit for the latter building expectations of rate cut. Japan's 10Y yield inched up by 2bps monitoring the spread with US. India's 10Y yield inched up a tad. It is trading at the same level today.

Table 3 – Bond 10Y yield

	11-12-2025	12-12-2025	Change, bps
US	4.16	4.18	3
UK	4.48	4.52	3
Germany	2.84	2.86	1
Japan	1.93	1.95	2
China	1.82	1.84	2
India	6.58	6.59	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	11-12-2025	12-12-2025	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	-
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	11-12-2025	12-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.8	2.1	0.3

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	10-12-2025	11-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(195.2)	(346.2)	(151.0)
Debt	33.2	(141.3)	(174.5)
Equity	(228.4)	(204.9)	23.5
Mutual funds (Rs cr)	1,184.5	3,217.0	2,032.5
Debt	(3,496.8)	(246.9)	3,249.9
Equity	4,681.3	3,463.9	(1,217.4)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 9 Dec and 10 Dec 2025

- Oil prices declined further on fears of oversupply.

Table 7 – Commodities

	11-12-2025	12-12-2025	Change, %
Brent crude (US\$/bbl)	61.3	61.1	(0.3)
Gold (US\$/ Troy Ounce)	4,280.2	4,299.6	0.5
Copper (US\$/ MT)	11,896.8	11,535.7	(3.0)
Zinc (US\$/MT)	3,376.3	3,215.6	(4.8)
Aluminium (US\$/MT)	2,900.0	2,868.5	(1.1)

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com