

MORNING MOCHA

15 October 2025

ECONOMIST

Sonal Badhan

US Fed Chair Jerome Powell in his speech has indicated that downside risks to employment have increased and unemployment is expected to inch up in the near-term. Quantitative tightening program, driven by reducing bond holdings, is also being concluded. Risks to inflation persists, primarily due to pass through of tariffs and not due to any other underlying reasons. Recently, port fees hiked by both US and China has come into effect, along with US tariffs on imports of timber and kitchen cabinets (which also mainly comes from China). Gold prices as result have touched record high. Separately, in China, domestic demand remains weak, with CPI declining by (-) 0.3% in Sep'25, following (-) 0.4% drop in Aug'25. PPI fell by (-) 2.3% versus (-) 2.9% last month. In Germany, investor morale remains subdued with ZEW current sentiment index falling to (-) 80 in Oct'25 from (-) 76.4 in Sep'25.

- Global indices ended mixed. Dow Jones edged up as investors monitored dovish commentary by Fed Chair, supported by earnings reports. Shanghai Comp continued to decline. Lower CPI and PPI in China added to the deflationary concerns. Sensex was down with losses in consumer durable stocks. However, it is trading higher today in line with Asian markets.

Table 1 – Stock markets

	13-10-2025	14-10-2025	Change, %
Dow Jones	46,068	46,270	0.4
S & P 500	6,655	6,644	(0.2)
FTSE	9,443	9,453	0.1
Nikkei	48,089	46,847	(2.6)
Hang Seng	25,889	25,441	(1.7)
Shanghai Comp	3,890	3,865	(0.6)
Sensex	82,327	82,030	(0.4)
Nifty	25,227	25,146	(0.3)

Source: Bloomberg, Bank of Baroda Research| Note: Markets were closed in the Japan on 13.10.2025

- Except EUR and JPY, other global currencies closed lower. DXY retreated with expectation of further easing. Yen strengthened amidst growing safe-haven demand amidst lingering US-China trade tensions. INR fell despite lower oil prices. It is trading higher today, other Asian currencies are trading mixed.

Table 2 – Currencies

	13-10-2025	14-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1570	1.1607	0.3
GBP/USD (1 GBP / USD)	1.3333	1.3320	(0.1)
USD/JPY (JPY / 1 USD)	152.28	151.84	0.3
USD/INR (INR / 1 USD)	88.68	88.80	(0.1)
USD/CNY (CNY / 1 USD)	7.1309	7.1372	(0.1)
DXY Index	99.27	99.05	(0.2)

Source: Bloomberg, Bank of Baroda Research| Note: Markets were closed in the US and Japan on 13.10.2025



- Global 10Y yields closed lower. US 10Y yield ended flat. Impact of safe-haven demand and increased possibility of Fed rate cuts was offset by concerns regarding the outcome of US-China trade war and government shutdown. India's 10Y yield was down by 1bps, tracking global cues and oil prices. It is trading even lower today at 6.49%.

Table 3 – Bond 10Y yield

	13-10-2025	14-10-2025	Change, bps
US	4.03	4.03	0
UK	4.66	4.59	(7)
Germany	2.64	2.61	(3)
Japan	1.69	1.65	(3)
China	1.85	1.84	(1)
India	6.52	6.51	(1)

Source: Bloomberg, Bank of Baroda Research| Note: Markets were closed in the US and Japan on 13.10.2025

Table 4 – Short term rates

	13-10-2025	14-10-2025	Change, bps
Tbill-91 days	5.42	5.42	0
Tbill-182 days	5.51	5.48	(3)
Tbill-364 days	5.54	5.51	(3)
G-Sec 2Y	5.64	5.76	12
India OIS-2M	5.51	5.52	1
India OIS-9M	5.42	5.42	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.13	4.15	2

Source: Bloomberg, Bank of Baroda Research| Note: Markets were closed in the US on 13.10.2025

Table 5 – Liquidity

Rs tn	13-10-2025	14-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	1.3	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	10-10-2025	13-10-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	414.5	493.2	78.7
Debt	105.2	92.8	(12.5)
Equity	309.3	400.5	91.2
Mutual funds (Rs cr)	(3,199.9)	2,465.6	5,665.5
Debt	(3,645.8)	1,019.9	4,665.7
Equity	445.9	1,445.7	999.8

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

- Oil prices fell, as IEA projects higher supply and lower demand in both CY25/26.

Table 7 – Commodities

	13-10-2025	14-10-2025	Change, %
Brent crude (US\$/bbl)	63.3	62.4	(1.5)
Gold (US\$/ Troy Ounce)	4,110.3	4,142.9	0.8
Copper (US\$/ MT)	11,047.3	10,632.9	(3.8)
Zinc (US\$/MT)	3,222.6	3,028.7	(6.0)
Aluminium (US\$/MT)	2,763.0	2,737.5	(0.9)

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com