

MORNING MOCHA

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ECONOMIST

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US consumer sentiment survey (University of Michigan) is pointing towards weakening confidence as the index fell to 55.4 in Sep'25 (est.: 58) from 58.2 in Aug'25, while inflation expectations remain sticky. 1yr inflation expectation was unchanged at 4.8%, but for 5-10yr period it rose to 3.9% (est.: 3.4%) from 3.5% earlier. US Fed is expected to deliver a 25bps rate cut later this week, to support faltering growth. Revised economic projections will throw light on future inflation trajectory and rate cut path. Separately in China, industrial production in Aug'25 eased to 5.2% (est.: 5.6%) from 5.7% in Jul'25. Retail sales growth also softened to 3.4% (est.: 3.8%) from 3.7%. FAI growth, proxy for investments, moderated to 0.5% between Jan-Aug'25 from 1.6% between Jan-Jul'25. Domestically, retail inflation came in at 2.1% in Aug'25 versus 1.6%.

- Global indices closed mixed. Dow Jones ended lower as investors monitored data print (inflation and jobless claims) which raised stagflation concerns. Hang Sang surged by 1.2% with gains in property, finance and technology stocks. Sensex also advanced higher, supported by capital goods and metal stocks. It is trading further higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	11-09-2025	12-09-2025	Change, %
Dow Jones	46,108	45,834	(0.6)
S & P 500	6,587	6,584	0
FTSE	9,298	9,283	(0.2)
Nikkei	44,373	44,768	0.9
Hang Seng	26,086	26,388	1.2
Shanghai Comp	3,875	3,871	(0.1)
Sensex	81,549	81,905	0.4
Nifty	25,006	25,114	0.4

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY remained steady as investors turned their focus towards Fed's decision. Yen slipped ahead of the BoJ decision and amidst the ongoing political uncertainty. INR appreciated by 0.2% despite higher oil prices. It is trading stronger today, while other Asian peers are trading mixed.

Fig 2 – Currencies

	11-09-2025	12-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1734	1.1734	0
GBP/USD (1 GBP / USD)	1.3574	1.3556	(0.1)
USD/JPY (JPY / 1 USD)	147.21	147.68	(0.3)
USD/INR (INR / 1 USD)	88.44	88.28	0.2
USD/CNY (CNY / 1 USD)	7.1186	7.1250	(0.1)
DXY Index	97.53	97.55	0

Source: Bloomberg, Bank of Baroda Research



- Except China, other global yields closed higher. US 10Y yield rose by 4bps, tracking inflation expectation results of University of Michigan's consumer sentiment survey, and awaiting Fed's revised economic projections. UK 10Y yield rose the most by 7bps, eyeing no rate cut by BoE this week. Following global cues, India's 10Y yield rose by 2bps and is trading flat today.

Fig 3 – Bond 10Y yield

	11-09-2025	12-09-2025	Change, bps
US	4.02	4.06	4
UK	4.61	4.67	7
Germany	2.66	2.72	6
Japan	1.58	1.59	1
China	1.81	1.80	0
India	6.47	6.49	2

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	11-09-2025	12-09-2025	Change, bps
Tbill-91 days	5.49	5.50	1
Tbill-182 days	5.61	5.64	3
Tbill-364 days	5.64	5.65	1
G-Sec 2Y	5.82	5.82	(1)
India OIS-2M	5.44	5.45	1
India OIS-9M	5.43	5.44	1
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.39	4.41	2

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	11-09-2025	12-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.9	2.6	(0.3)
Reverse Repo	1.7	0	(1.7)
Repo*	0	0	0

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

Fig 6 – Capital market flows

	10-09-2025	11-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	603.7	(344.3)	(947.9)
Debt	93.7	42.5	(51.2)
Equity	510.0	(386.8)	(896.7)
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 inched up, as US oil sector is signalling slowing growth.

Fig 7 – Commodities

	11-09-2025	12-09-2025	Change, %
Brent crude (US\$/bbl)	66.4	67.0	0.9
Gold (US\$/ Troy Ounce)	3,634.1	3,643.1	0.2
Copper (US\$/ MT)	9,990.0	9,994.1	0
Zinc (US\$/MT)	2,922.5	2,987.2	2.2
Aluminium (US\$/MT)	2,673.5	2,689.5	0.6

Source: Bloomberg, Bank of Baroda Research



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