

**MORNING MOCHA**

17 September 2025

ECONOMIST

Sonal Badhan

Latest macro data from the US has surprised on the upside. Retail sales rose by 0.6% (MoM) versus est.: 0.3% and were up from upwardly revised 0.6% in Jul'25. Core sales rose by 0.7% versus 0.5% last month. While a part of this could be on account of higher prices, the other part signals resilience in demand. Industrial production too inched up, by 0.1% in Aug'25 (est.: -0.1%) from a downwardly revised (-) 0.4% decline in Jul'25, supported by sectors such as mining and manufacturing (particularly motor vehicles & parts). Separately in Europe, jobless claims in the UK rose by 17.4k Aug'25 (est.: 20k), following 33.3k decline in Aug'25. In Germany, ZEW economic sentiment index rose to 37.3 points in Sep'25 from 34.7 in Aug'25, helped by improved future outlook, while current situation index fell further.

- Global stocks ended mixed. US indices edged up as investors remained cautious ahead of the Fed's decisions. VIX (volatility index) rose to its highest level in a week's time. Major sub-sectors within S&P 500 dropped, including utilities and real estate. Hang Seng inched up with gains in tech stocks. Sensex advanced and is trading higher today; Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	15-09-2025	16-09-2025	Change, %
Dow Jones	45,883	45,758	(0.3)
S & P 500	6,615	6,607	(0.1)
FTSE	9,277	9,196	(0.9)
Nikkei	44,768	44,902	0.3
Hang Seng	26,447	26,439	0
Shanghai Comp	3,861	3,862	0
Sensex	81,786	82,381	0.7
Nifty	25,069	25,239	0.7

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Japan were closed on 15 Sep 2025

- Global currencies ended stronger. DXY declined further as a rate cut is anticipated with signs of further easing. EUR surged by 0.9% (4-year high) supported by strong data (German ZEW index and EU industrial output). INR appreciated by 0.2% surrounded by optimism around the ongoing US-India trade negotiations. It is trading stronger today, in line with Asian peers.

**Fig 2 – Currencies**

	15-09-2025	16-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1761	1.1867	0.9
GBP/USD (1 GBP / USD)	1.3599	1.3647	0.4
USD/JPY (JPY / 1 USD)	147.40	146.48	0.6
USD/INR (INR / 1 USD)	88.22	88.06	0.2
USD/CNY (CNY / 1 USD)	7.1185	7.1143	0.1
DXY Index	97.30	96.63	(0.7)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Japan were closed on 15 Sep 2025



- Major global 10Y yields closed mixed. US 10Y yield fell by 1bps, despite surprise rise in both retail sales and industrial production data. UK 10Y yield remained elevated awaiting BoE's decision on QT. India's 10Y yield ended flat, even as oil prices rose. Following global cues, it is trading lower at 6.48% today.

**Fig 3 – Bond 10Y yield**

	15-09-2025	16-09-2025	Change, bps
US	4.04	4.03	(1)
UK	4.63	4.64	1
Germany	2.69	2.69	0
Japan	1.59	1.60	1
China	1.80	1.79	(1)
India	6.50	6.49	0

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Japan were closed on 15 Sep 2025

**Fig 4 – Short term rates**

	15-09-2025	16-09-2025	Change, bps
Tbill-91 days	5.50	5.49	(1)
Tbill-182 days	5.60	5.59	(1)
Tbill-364 days	5.64	5.62	(2)
G-Sec 2Y	5.80	5.81	1
India OIS-2M	5.45	5.46	0
India OIS-9M	5.45	5.44	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.42	4.51	9

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	15-09-2025	16-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.9	0.7	(1.2)
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	12-09-2025	15-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	387.9	3.6	(384.3)
Debt	272.1	41.8	(230.3)
Equity	115.8	(38.1)	(154.0)
Mutual funds (Rs cr)	(646.0)	(4,977.2)	(4,331.2)
Debt	(4,313.5)	(6,712.2)	(2,398.7)
Equity	3,667.5	1,735.0	(1,932.5)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 11 and 12 Sep 2025

- Oil prices continue to inch up amidst rising geo-political tensions.

**Fig 7 – Commodities**

	15-09-2025	16-09-2025	Change, %
Brent crude (US\$/bbl)	67.4	68.5	1.5
Gold (US\$/ Troy Ounce)	3,679.0	3,690.0	0.3
Copper (US\$/ MT)	10,124.6	10,067.2	(0.6)
Zinc (US\$/MT)	3,005.8	3,033.3	0.9
Aluminium (US\$/MT)	2,700.5	2,717.0	0.6

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](mailto:chief.economist@bankofbaroda.com)