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ECONOMIST

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Equity markets in the US continued to be impacted by sell off in technology stocks over valuation concerns of AI companies. DXY got breather following some momentum in US jobs report. Among other asset classes, both oil and gold firmed up. For oil, tensions surrounding US and Venezuela impacted prices. For gold, the safe-haven rally continued. Among major macro releases, has been UK's inflation data where both CPI and core CPI softened. This further solidifies the narrative of rate cut by BoE in the upcoming policy. Traders will closely assess rate decision of ECB and central bank of Sweden, where status quo in rates is expected. For BoJ market is largely pricing in a rate hike and will monitor the spread with the US. On domestic front, INR got support from likely intervention by RBI.

- Except India and US, stocks elsewhere ended in green. Concerns over AI spending led to a sharp sell-off in tech stocks in the US. FTSE rose amidst increased hopes of a rate cut. In India, Sensex declined marginally, led by losses in capital goods and real estate stocks. It is trading further weaker today, in line with other Asian stocks.

Table 1 – Stock markets

	16-12-2025	17-12-2025	Change, %
Dow Jones	48,114	47,886	(0.5)
S & P 500	6,800	6,721	(1.2)
FTSE	9,685	9,774	0.9
Nikkei	49,383	49,512	0.3
Hang Seng	25,235	25,469	0.9
Shanghai Comp	3,825	3,870	1.2
Sensex	84,680	84,560	(0.1)
Nifty	25,860	25,819	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Barring INR, other global currencies ended broadly weaker. DXY rose by 0.2% tracking higher US yields. GBP declined the most as the BoE is widely expected to deliver a rate cut today. EUR also dipped tracking a fall in Germany's Ifo business climate index. INR appreciated sharply due to possible RBI intervention. However, it is trading weaker today, in line with its Asian peers.

Table 2 – Currencies

	16-12-2025	17-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1747	1.1741	(0.1)
GBP/USD (1 GBP / USD)	1.3423	1.3376	(0.4)
USD/JPY (JPY / 1 USD)	154.72	155.69	(0.6)
USD/INR (INR / 1 USD)	91.03	90.38	0.7
USD/CNY (CNY / 1 USD)	7.0426	7.0440	0
DXY Index	98.15	98.37	0.2

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield inched up a tad tracking comments of Fed Governor Waller over cautious approach tracking gap in policy rate from neutral rate. UK's 10Y yield softened considerably as rate cut by BoE is widely priced in by traders. For Germany, albeit a downbeat lfo data, its 10Y yield inched up. India's 10Y yield rose by 2bps as system liquidity is running in deficit. It is trading at 6.61% today.

Table 3 – Bond 10Y yield

	16-12-2025	17-12-2025	Change, bps
US	4.15	4.15	1
UK	4.52	4.48	(4)
Germany	2.85	2.86	2
Japan	1.96	1.98	2
China	1.85	1.84	(2)
India	6.58	6.60	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	16-12-2025	17-12-2025	Change, bps
Tbill-91 days	5.30	5.27	(3)
Tbill-182 days	5.45	5.49	4
Tbill-364 days	5.49	5.49	0
G-Sec 2Y	5.81	5.81	1
India OIS-2M	5.34	5.36	2
India OIS-9M	5.42	5.44	2
SONIA int rate benchmark	3.97	3.97	0
US SOFR	3.75	3.69	(6)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	16-12-2025	17-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.6)	(0.6)	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	15-12-2025	16-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(43.2)	(104.5)	(61.3)
Debt	(107.0)	52.0	159.1
Equity	63.8	(156.6)	(220.4)
Mutual funds (Rs cr)	(1,199.6)	(7,980.6)	(6,781.1)
Debt	(3,618.2)	(8,203.7)	(4,585.5)
Equity	2,418.6	223.1	(2,195.6)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 12 Dec and 15 Dec 2025

- Oil prices rose on reports of fresh US sanctions on Russia's energy sector.

Table 7 – Commodities

	16-12-2025	17-12-2025	Change, %
Brent crude (US\$/bbl)	58.9	59.7	1.3
Gold (US\$/ Troy Ounce)	4,302.3	4,338.3	0.8
Copper (US\$/ MT)	11,582.5	11,727.2	1.2
Zinc (US\$/MT)	3,025.0	3,051.9	0.9
Aluminium (US\$/MT)	2,876.5	2,905.5	1.0

Source: Bloomberg, Bank of Baroda Research



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