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ECONOMIST
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Global markets remained cautious tied by strings of events such as continued US Government shutdown, valuation driven fears over the recent AI-boom and worry over credit quality of US regional banks. Asian stocks took the major hit. Global currencies also remained weaker albeit growing optimism of a softer policy by Fed. Another Fed official (St Louis President) spoke of an easier monetary policy to support labour market. ECB officials and BoE officials hinted at status quo. Elsewhere, China's rare earth shipments moderated to 6,538 tonnes in Sep'25 compared to 7,338 tonnes in Aug'25, over the recent curbs. Other macro releases showed downward bias with GDP growth for Q3 shying away from estimates, softening retail sales and fixed asset investment. On domestic front, government has reiterated that recent GST tax reforms have shaped up consumption demand.

- Stocks in the US rose as US President characterised the 100% tariffs on China "unsustainable". However, stocks in China and Hong Kong shed more than 2%. Nikkei also declined as expectations of a rate hike have increased after hawkish comments from BoJ Governor. In India, Sensex ended higher. It is also trading higher today in line with other Asian stocks.

Table 1 – Stock markets

	16-10-2025	17-10-2025	Change, %
Dow Jones	45,952	46,191	0.5
S & P 500	6,629	6,664	0.5
FTSE	9,436	9,355	(0.9)
Nikkei	48,278	47,582	(1.4)
Hang Seng	25,889	25,247	(2.5)
Shanghai Comp	3,916	3,840	(2.0)
Sensex	83,468	83,952	0.6
Nifty	25,585	25,710	0.5

Source: Bloomberg, Bank of Baroda Research|

- Global currencies ended weaker against the dollar. DXY rose by 0.1%, tracking gains in US 10Y yield. Amongst major currencies, EUR depreciated the most by 0.3%. INR also fell by 0.2% tracking global cues. It is trading stronger today in line with other Asian currencies.

Table 2 – Currencies

	16-10-2025	17-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1687	1.1655	(0.3)
GBP/USD (1 GBP / USD)	1.3434	1.3427	(0.1)
USD/JPY (JPY / 1 USD)	150.43	150.61	(0.1)
USD/INR (INR / 1 USD)	87.83	87.97	(0.2)
USD/CNY (CNY / 1 USD)	7.1246	7.1270	0
DXY Index	98.34	98.43	0.1

Source: Bloomberg, Bank of Baroda Research

- US 10Y yield inched up tracking news reports over worrisome credit quality of US regional banks. UK and Germany's 10Y yield also edged up as central bank officials hinted at status quo in policy rate, going forward. Japan's 10Y yield softened awaiting stimulus under the new political landscape. India's 10Y yield rose a tad. It is trading at 6.52% today.

Table 3 – Bond 10Y yield

	16-10-2025	17-10-2025	Change, bps
US	3.97	4.01	3
UK	4.50	4.53	3
Germany	2.57	2.58	1
Japan	1.67	1.63	(3)
China	1.84	1.83	(1)
India	6.50	6.51	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	16-10-2025	17-10-2025	Change, bps
Tbill-91 days	5.43	5.43	0
Tbill-182 days	5.52	5.53	1
Tbill-364 days	5.52	5.53	1
G-Sec 2Y	5.77	5.76	0
India OIS-2M	5.52	5.52	0
India OIS-9M	5.42	5.43	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.29	4.30	1

Source: Bloomberg, Bank of Baroda Research|

Table 5 – Liquidity

Rs tn	16-10-2025	17-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.4	1.0	(0.4)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	15-10-2025	16-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	477.7	495.6	17.8
Debt	398.9	250.7	(148.2)
Equity	78.8	244.9	166.0
Mutual funds (Rs cr)	3,192.8	2,787.1	(405.7)
Debt	927.3	(698.7)	(1,626.1)
Equity	2,265.5	3,485.8	1,220.4

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 14 Oct and 15 Oct 2025

- Oil prices rose marginally as US-China trade tensions eased.

Table 7 – Commodities

	16-10-2025	17-10-2025	Change, %
Brent crude (US$/bbl)	61.1	61.3	0.4
Gold (US$/ Troy Ounce)	4,326.6	4,251.8	(1.7)
Copper (US$/ MT)	10,635.8	10,587.7	(0.5)
Zinc (US$/MT)	3,110.2	3,070.4	(1.3)
Aluminium (US$/MT)	2,788.5	2,777.5	(0.4)

Source: Bloomberg, Bank of Baroda Research

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