

**MORNING MOCHA**

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**ECONOMIST**  
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US macro data indicates some pickup in momentum. University of Michigan's consumer sentiment index for Dec'25 rose to 52.9 from 51 in Nov'25, led by improvement in expectations index. 1Y ahead inflation expectation decreased to 4.2% (long-run avg: 3.2%). Even existing home sales rose, by 0.5% in Nov'25 to 4.13mn units (est.: 4.15mn), following 1.5% increase in Oct'25. The 30Y fixed mortgage rate in the US remained on the lower side in both Oct'25 (6.25%) and Nov'25 (6.24%) vis-à-vis Sep'25 (6.35%). Separately in the UK, retail sales growth registered a tepid increase in Nov'25 (0.1% MoM) versus Oct'25 (-0.9%), despite Black Friday discounts. GFK consumer confidence index also noted a marginal improvement in Dec'25 (-17 points versus -19 points in Nov'25). Government borrowing fell in Nov'25 to £11.7bn but remains higher than estimated £10bn.

- Global equity indices advanced higher as investor tracked rate decisions by major central banks. Gains in technology stocks, particularly AI-related firms, pushed US indices higher. Sensex rebounded with gains in real estate and capital good stocks. It is trading even higher today, in line with other Asian stocks.

**Table 1 – Stock markets**

	18-12-2025	19-12-2025	Change, %
Dow Jones	47,952	48,135	0.4
S & P 500	6,775	6,835	0.9
FTSE	9,838	9,897	0.6
Nikkei	49,002	49,507	1.0
Hang Seng	25,498	25,691	0.8
Shanghai Comp	3,876	3,890	0.4
Sensex	84,482	84,929	0.5
Nifty	25,816	25,966	0.6

Source: Bloomberg, Bank of Baroda Research|

- Global currencies closed mixed. DXY inched up, despite dovish outlook by Fed. Yen slid as BoJ raised rates and Governor's statement didn't offer much guidance on rate trajectory. INR rose by 0.7%, supported by RBI's intervention. However, it is trading a tad lower today. Asian currencies are trading mixed.

**Table 2 – Currencies**

	18-12-2025	19-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1722	1.1710	(0.1)
GBP/USD (1 GBP / USD)	1.3381	1.3379	0
USD/JPY (JPY / 1 USD)	155.55	157.75	(1.4)
USD/INR (INR / 1 USD)	90.25	89.65	0.7
USD/CNY (CNY / 1 USD)	7.0413	7.0410	0
DXI Index	98.43	98.60	0.2

Source: Bloomberg, Bank of Baroda Research|



- US 10Y yield rose by 3bps, tracking improvement in consumer sentiment survey for Dec'25. 1Y ahead inflation expectations dipped but remains above the long-run average. In the UK, consistently divided MPC voting has led to uncertainty around the timing of next rate cut by BoE in 2026. India's 10Y yield rose by 3bps tracking G-Sec auction results. It is trading further higher today at 6.63%.

**Table 3 – Bond 10Y yield**

	18-12-2025	19-12-2025	Change, bps
US	4.12	4.15	3
UK	4.48	4.52	4
Germany	2.85	2.90	4
Japan	1.97	2.02	5
China	1.84	1.83	(1)
India	6.57	6.60	3

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	18-12-2025	19-12-2025	Change, bps
Tbill-91 days	5.25	5.45	20
Tbill-182 days	5.49	5.48	(1)
Tbill-364 days	5.50	5.50	0
G-Sec 2Y	5.81	5.85	4
India OIS-2M	5.35	5.35	0
India OIS-9M	5.43	5.44	1
SONIA int rate benchmark	3.97	3.73	(25)
US SOFR	3.69	3.66	(3)

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	18-12-2025	19-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.3)	(0.4)	(0.1)

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	17-12-2025	18-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	101.5	272.5	171.0
Debt	(82.0)	(40.9)	41.2
Equity	183.6	313.3	129.8
Mutual funds (Rs cr)	(129.3)	2,566.7	2,695.9
Debt	433.7	3,289.6	2,855.9
Equity	(563.0)	(723.0)	(160.0)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 16 Dec and 17 Dec 2025

- Oil prices rose further, tracking geo-political tensions in Russia and Venezuela.

**Table 7 – Commodities**

	18-12-2025	19-12-2025	Change, %
Brent crude (US\$/bbl)	59.8	60.5	1.1
Gold (US\$/ Troy Ounce)	4,332.6	4,338.9	0.1
Copper (US\$/ MT)	11,764.1	11,886.2	1.0
Zinc (US\$/MT)	3,036.7	3,041.9	0.2
Aluminium (US\$/MT)	2,916.0	2,945.0	1.0

Source: Bloomberg, Bank of Baroda Research



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