

MORNING MOCHA

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ECONOMIST

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UK's GDP for Q3CY25 was left unrevised (from 1st estimates in Nov'25) at 0.1% (QoQ), however Q2 print was revised downward to 0.2% growth (0.3% earlier). In Q3, data for household consumption was revised higher (0.2% versus 0.1%), while that of investment was lowered (0.24% versus 0.34%). In Q4, analysts expect growth to have slowed further (0%) driven by higher tax burden. This will add further pressure on BoE to cut rates in CY26. Separately, in China, PBOC has left its policy rates unchanged in Dec'25 (1Y LPR at 3% and 5Y at 3.5%). The focus is more on providing fiscal stimulus to boost growth. In Australia, minutes of RBA's Dec'25 meeting indicate that the central bank is worried about "excess demand" in the economy and that the financial conditions may not be too restrictive as of now. Thus, RBA may either keep rates on hold or hike them to meet its inflation target.

- Barring FTSE, other global indices closed higher. US indices edged up awaiting the key GDP release for Q3CY25. Nikkei was the biggest gainer amidst optimism surrounding AI and weaker Yen. Sensex advanced with strong gains in IT, media and telecom related stocks. However, it is trading lower today, while other Asian indices are trading higher.

Table 1 – Stock markets

	19-12-2025	22-12-2025	Change, %
Dow Jones	48,135	48,363	0.5
S & P 500	6,835	6,878	0.6
FTSE	9,897	9,866	(0.3)
Nikkei	49,507	50,402	1.8
Hang Seng	25,691	25,802	0.4
Shanghai Comp	3,890	3,917	0.7
Sensex	84,929	85,567	0.8
Nifty	25,966	26,172	0.8

Source: Bloomberg, Bank of Baroda Research

- Apart from INR, other global currencies closed lower against the dollar. DXY weakened as investors tracked the commentary by Fed officials. GBP rose as GDP expanded by 1.3% (YoY) in Q3 in line with expectations. INR closed flat. It is trading weaker today while other Asian currencies are trading mixed.

Table 2 – Currencies

	19-12-2025	22-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1710	1.1762	0.4
GBP/USD (1 GBP / USD)	1.3379	1.3461	0.6
USD/JPY (JPY / 1 USD)	157.75	157.05	0.4
USD/INR (INR / 1 USD)	89.65	89.65	0
USD/CNY (CNY / 1 USD)	7.0410	7.0370	0.1
DXY Index	98.60	98.29	(0.3)

Source: Bloomberg, Bank of Baroda Research



- Except Germany, other global 10Y yields inched up. US 10Y yield rose by 2bps, as investors remain cautious ahead of key debt auctions this week. In Japan, uncertainty around next rate hike by BoJ and size of government stimulus weighed on investor sentiments. India's yield (+7bps) reacted to excessive supply of state government papers. It is trading further higher at 6.69% today.

Table 3 – Bond 10Y yield

	19-12-2025	22-12-2025	Change, bps
US	4.15	4.16	2
UK	4.52	4.54	1
Germany	2.90	2.90	0
Japan	2.02	2.09	6
China	1.83	1.84	1
India	6.60	6.67	7

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	19-12-2025	22-12-2025	Change, bps
Tbill-91 days	5.45	5.19	(26)
Tbill-182 days	5.48	5.35	(13)
Tbill-364 days	5.50	5.50	0
G-Sec 2Y	5.85	5.89	4
India OIS-2M	5.35	5.35	0
India OIS-9M	5.44	5.46	2
SONIA int rate benchmark	3.73	3.72	0
US SOFR	3.66	3.66	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	19-12-2025	22-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.4)	(0.5)	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	18-12-2025	19-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	272.5	244.8	(27.7)
Debt	(40.9)	4.5	45.3
Equity	313.3	240.3	(73.0)
Mutual funds (Rs cr)	2,566.7	(431.2)	(2,997.8)
Debt	3,289.6	(1,226.9)	(4,516.6)
Equity	(723.0)	795.7	1,518.7

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 17 Dec and 18 Dec 2025

- Oil prices continue to rise, amidst escalating tensions between US-Venezuela.

Table 7 – Commodities

	19-12-2025	22-12-2025	Change, %
Brent crude (US\$/bbl)	60.5	62.1	2.6
Gold (US\$/ Troy Ounce)	4,338.9	4,443.6	2.4
Copper (US\$/ MT)	11,886.2	11,931.6	0.4
Zinc (US\$/MT)	3,041.9	3,051.6	0.3
Aluminium (US\$/MT)	2,945.0	2,941.5	(0.1)

Source: Bloomberg, Bank of Baroda Research



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