MORNING MOCHA

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ECONOMIST
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In the US, headline inflation rose to 3% mark in Sep'25 from 2.9% in Aug'25. Despite inching up, it came in below the estimated mark of 3.1%. Core inflation (excl food and fuel) rose at a tad slower pace at 3% from 3.1% in Aug'25. On a MoM basis, both headline (0.3% from 0.4%) and core inflation (0.2% from 0.3%) moderated when compared with last month. Apart from gasoline, prices of all the other commodities were fairly muted in Sep'25. Following this report, there is growing expectations of two rate cuts this year instead of one, as was initially anticipated. Separately, US consumer sentiment dropped to a 5-month low to 53.6 in Oct'25 from 55 in Sep'25. This week, investors will closely track outcome of Central Bank meetings and ongoing trade negotiations between US and China.

- Except domestic indices, other global stock indices rose. US indices advanced amidst optimism surrounding a possible trade deal between US and China and ahead of the Fed's decision to reduce rate. Amongst other indices, Nikkei gained the most. Sensex was down with losses in banking and power stocks. However, it is trading further higher today, in line with Asian stocks.

Table 1 – Stock markets

	23-10-2025	24-10-2025	Change, %
Dow Jones	46,735	47,207	1.0
S & P 500	6,738	6,792	0.8
FTSE	9,579	9,646	0.7
Nikkei	48,642	49,300	1.4
Hang Seng	25,968	26,160	0.7
Shanghai Comp	3,922	3,950	0.7
Sensex	84,556	84,212	(0.4)
Nifty	25,891	25,795	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Barring GBP and JPY (lower), other major currencies closed flat/higher against the US$. DXY also remained at unchanged levels. Possible US-China trade deal has led to improvement in risk appetite of investors and has also lowered safe-haven demand (Yen). INR remained stable. However, it is trading weaker today, while other Asian currencies are trading higher.

Table 2 – Currencies

	23-10-2025	24-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1618	1.1627	0.1
GBP/USD (1 GBP / USD)	1.3326	1.3311	(0.1)
USD/JPY (JPY / 1 USD)	152.57	152.86	(0.2)
USD/INR (INR / 1 USD)	87.85	87.85	0
USD/CNY (CNY / 1 USD)	7.1233	7.1225	0
DXY Index	98.94	98.95	0

Source: Bloomberg, Bank of Baroda Research

- Global yields closed mixed. US 10Y yield ended flat as inflation data reaffirmed that Fed would lower rates in Dec'25 (after Oct'25), and Michigan University's consumer sentiment index pointed towards weakening confidence level. 10Y yield in Germany was supported by better than expected PMI data. India's 10Y yield was stable but is trading a tad higher today at 6.54%.

Table 3 – Bond 10Y yield

	23-10-2025	24-10-2025	Change, bps
US	4.00	4.00	0
UK	4.42	4.43	1
Germany	2.58	2.63	4
Japan	1.67	1.66	(1)
China	1.84	1.85	1
India	6.54	6.53	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	23-10-2025	24-10-2025	Change, bps
Tbill-91 days	5.45	5.48	3
Tbill-182 days	5.56	5.57	1
Tbill-364 days	5.57	5.54	(3)
G-Sec 2Y	5.77	5.75	(2)
India OIS-2M	5.52	5.51	(1)
India OIS-9M	5.44	5.44	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.21	4.24	3

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	23-10-2025	24-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0	0.3	0.3

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	20-10-2025	23-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	226.5	(141.7)	(368.3)
Debt	139.4	(51.1)	(190.6)
Equity	87.1	(90.6)	(177.7)
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 14th Oct and 15th Oct 2025

- Oil prices remain range-bound, awaiting outcome of US-China trade deal.

Table 7 – Commodities

	23-10-2025	24-10-2025	Change, %
Brent crude (US$/bbl)	66.0	65.9	(0.1)
Gold (US$/ Troy Ounce)	4,126.3	4,113.1	(0.3)
Copper (US$/ MT)	10,843.0	10,936.5	0.9
Zinc (US$/MT)	3,243.4	3,212.9	(0.9)
Aluminium (US$/MT)	2,862.5	2,859.0	(0.1)

Source: Bloomberg, Bank of Baroda Research

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