MORNING MOCHA

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ECONOMIST
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In Germany the IFO business climate index improved to 88.4 in Oct'25 (from 87.7 in Sep'25) much higher than anticipated. As per analysts, the economy is expected to grow by 0.2% this year and advance next year (1.3%), supported by higher state spending. Separately, financial markets in Argentina accelerated after President Javier Milei's party won the mid-term election, bringing back focus to free market reforms. Equity market advanced by 22%, bonds rose as high as 13bps and Peso strengthened by 4% against dollar. In UK, as per CBI, retail sales is expected to drop further in Nov'25 amidst consumers turning cautious about the upcoming budget. The sales have been falling for over 13 months, reflecting weaker consumer confidence. In India, IIP data for Sep'25 is expected to release today (Aug'25: 4%).

- Cheered by prospects of US-China trade deal, global stock indices rose. US indices advanced further awaiting corporate earnings of tech firms. Investors have priced in 25bps rate cut and will closely track Fed Chair's commentary for further cues on rates trajectory. Sensex rebounded with gains in real estate and metal stocks. It is trading further higher today, in line with Asian stocks.

Table 1 – Stock markets

	24-10-2025	27-10-2025	Change, %
Dow Jones	47,207	47,545	0.7
S & P 500	6,792	6,875	1.2
FTSE	9,646	9,654	0.1
Nikkei	49,300	50,512	2.5
Hang Seng	26,160	26,434	1.0
Shanghai Comp	3,950	3,997	1.2
Sensex	84,212	84,779	0.7
Nifty	25,795	25,966	0.7

Source: Bloomberg, Bank of Baroda Research

- Major global currencies closed mixed against the US$. DXY fell by (-) 0.2% as investors await Fed rate decision and commentary by Fed Chair. EUR and GBP gained the most, supported by positive momentum in PMIs. INR fell by (-) 0.4%, following higher demand from importers. It is trading further lower today, while other Asian currencies are trading higher.

Table 2 – Currencies

	24-10-2025	27-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1627	1.1645	0.2
GBP/USD (1 GBP / USD)	1.3311	1.3336	0.2
USD/JPY (JPY / 1 USD)	152.86	152.88	0
USD/INR (INR / 1 USD)	87.85	88.24	(0.4)
USD/CNY (CNY / 1 USD)	7.1225	7.1084	0.2
DXY Index	98.95	98.78	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Except in Japan and India (higher), other global yields closed lower. US 10Y yield was down by 2bps, as investors expect a dovish commentary by FOMC amidst ongoing government shutdown and its impact on growth. China's 10Y yield fell the most as PBoC announced it will restart its treasury bond purchase program. India's 10Y yield was up by 1bps and is trading flat today.

Table 3 – Bond 10Y yield

	24-10-2025	27-10-2025	Change, bps
US	4.00	3.98	(2)
UK	4.43	4.40	(3)
Germany	2.63	2.62	(1)
Japan	1.66	1.67	1
China	1.85	1.81	(4)
India	6.53	6.55	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	24-10-2025	27-10-2025	Change, bps
Tbill-91 days	5.48	5.48	0
Tbill-182 days	5.57	5.56	(1)
Tbill-364 days	5.54	5.54	0
G-Sec 2Y	5.75	5.76	1
India OIS-2M	5.51	5.52	1
India OIS-9M	5.44	5.45	1
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.24	4.24	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	24-10-2025	27-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.3	(0.2)	(0.5)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	23-10-2025	24-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	(141.7)	38.1	179.8
Debt	(51.1)	(26.6)	24.6
Equity	(90.6)	64.7	155.3
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 extended their fall as OPEC+ plans to boost output.

Table 7 – Commodities

	24-10-2025	27-10-2025	Change, %
Brent crude (US$/bbl)	65.9	65.6	(0.5)
Gold (US$/ Troy Ounce)	4,113.1	3,982.2	(3.2)
Copper (US$/ MT)	10,936.5	11,005.2	0.6
Zinc (US$/MT)	3,212.9	3,267.9	1.7
Aluminium (US$/MT)	2,859.0	2,874.5	0.5

Source: Bloomberg, Bank of Baroda Research

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