

**MORNING MOCHA**

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Global markets traded sideways amidst thin trading in the holiday season. In the US, investors continued to assess the path of Fed policy with increasing expectations of more rate cuts. In Japan, monetary and fiscal policy remained in focus as the government unveiled plans for record government spending in the next fiscal year. This closely follows the BoJ rate hike this month. In fact, minutes of the BoJ meeting showed that members debated the need for more rate hikes going forward amidst continued inflationary pressures. However, recent data showed a softening in inflationary pressure with CPI in Tokyo moderating to 2.3% in Dec'25 from 2.8% in Nov'25. Separately in China, industrial profits declined sharply by 13.1% in Nov'25, after dipping 5.5% in Oct'25. In other developments, the US President hinted at progress in US-Ukraine peace deal.

- Global indices closed mixed in a truncated week. Nikkei rose the most, supported by a weaker yen. Shanghai Comp also inched up amidst growing expectation of fiscal stimulus to support growth. FTSE moderated, while US indices were range bound. Sensex ended lower, led by losses in technology stocks. It is trading higher today, while Asian stocks are trading mixed.

**Table 1 – Stock markets**

|               | 24-12-2025 | 26-12-2025 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones     | 48,731     | 48,711     | 0         |
| S & P 500     | 6,932      | 6,930      | 0         |
| FTSE          | 9,889      | 9,871      | (0.2)     |
| Nikkei        | 50,344     | 50,750     | 0.8       |
| Hang Seng     | 25,774     | 25,819     | 0.2       |
| Shanghai Comp | 3,941      | 3,964      | 0.6       |
| Sensex        | 85,409     | 85,041     | (0.4)     |
| Nifty         | 26,142     | 26,042     | (0.4)     |

Source: Bloomberg, Bank of Baroda Research | Note: Markets in the UK and Hong Kong were closed on 25 Dec and 26 Dec 2025

- Except JPY, other global currencies traded range bound in thin trading due to the holiday season. DXY ended flat. JPY fell by 0.4%, on fiscal concerns. INR weakened by 0.1% amidst strong year-end demand. It is trading further weaker today, while other Asian currencies are trading mixed.

**Table 2 – Currencies**

|                       | 24-12-2025 | 26-12-2025 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1779     | 1.1772     | (0.1)     |
| GBP/USD (1 GBP / USD) | 1.3505     | 1.3497     | (0.1)     |
| USD/JPY (JPY / 1 USD) | 155.93     | 156.57     | (0.4)     |
| USD/INR (INR / 1 USD) | 89.78      | 89.85      | (0.1)     |
| USD/CNY (CNY / 1 USD) | 7.0157     | 7.0054     | 0.1       |
| DXY Index             | 97.98      | 98.02      | 0         |

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields traded thinly. 10Y yields in US, Japan and China's edged a tad lower. Market sentiments remain cautious ahead of the release of Fed minutes and US jobs data. India's 10Y yield rose by 2bps tracking weekly auction results. It is trading at 6.57% today.

**Table 3 – Bond 10Y yield**

|         | 24-12-2025 | 26-12-2025 | Change, bps |
|---------|------------|------------|-------------|
| US      | 4.13       | 4.13       | (1)         |
| UK      | 4.51       | 4.51       | 0           |
| Germany | 2.86       | 2.86       | 0           |
| Japan   | 2.05       | 2.04       | (1)         |
| China   | 1.84       | 1.84       | (1)         |
| India   | 6.54       | 6.56       | 2           |

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Germany and UK were closed on 25 Dec and 26 Dec 2025

**Table 4 – Short term rates**

|                          | 24-12-2025 | 26-12-2025 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days            | 5.25       | 5.28       | 3           |
| Tbill-182 days           | 5.47       | 5.50       | 3           |
| Tbill-364 days           | 5.52       | 5.55       | 3           |
| G-Sec 2Y                 | 5.79       | 5.79       | 0           |
| India OIS-2M             | 5.33       | 5.34       | 1           |
| India OIS-9M             | 5.42       | 5.42       | 0           |
| SONIA int rate benchmark | 3.72       | 3.72       | 0           |
| US SOFR                  | 3.66       | 3.66       | 0           |

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

| Rs tn                             | 24-12-2025 | 26-12-2025 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | (0.8)      | (0.6)      | 0.2            |

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

|                      | 23-12-2025 | 24-12-2025 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn)        | (266.4)    | (289.4)    | (23.0)                 |
| Debt                 | (116.4)    | (116.0)    | 0.4                    |
| Equity               | (150.0)    | (173.4)    | (23.4)                 |
| 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 declined by over 2% on fears of oversupply.

**Table 7 – Commodities**

|                         | 24-12-2025 | 26-12-2025 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl)  | 62.2       | 60.6       | (2.6)     |
| Gold (US\$/ Troy Ounce) | 4,479.4    | 4,533.2    | 1.2       |
| Copper (US\$/ MT)       | 12,073.7   | 12,182.2   | 0.9       |
| Zinc (US\$/MT)          | 3,064.4    | 3,062.2    | (0.1)     |
| Aluminium (US\$/MT)     | 2,939.0    | 2,960.5    | 0.7       |

Source: Bloomberg, Bank of Baroda Research



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