

MORNING MOCHA

02 December 2025

ECONOMIST

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Global manufacturing activity weakened led by subdued growth in new orders and output. Manufacturing PMIs in the Eurozone, Japan, China and US remained below the 50-mark, indicating a contraction in manufacturing activity. In the US, ISM manufacturing PMI dipped to 48.2 from 48.7 in Oct'25, amidst a fall in orders and increase in input prices. Separately, BoJ Governor stated that the central bank will assess the "pros and cons" of a rate hike in its next meeting. Tracking his comments, investors increased the bets of a rate hike in Dec'25 to ~80% from 60% earlier, prompting a sell-off in global bonds and crypto markets. In India, IIP growth eased to 0.4% in Oct'25, compared with 3.7% in Oct'24, led by a dip in electricity and mining output. India's CAD narrowed to 1.3% of GDP in Q2 FY26 from 2.2% last year, led by a lower merchandise trade deficit and higher services and remittances receipts.

- Nikkei dropped the most as expectations of rate hike rose following BoJ Governor's comments. Stocks in the US also moderated tracking a softening ISM print. Hang Seng and Shanghai Comp rose over optimism surrounding easier liquidity conditions. Sensex edged down a tad, led by real estate stocks. However, it is trading lower today, while Asian indices are trading mixed.

Table 1 – Stock markets

	28-11-2025	01-12-2025	Change, %
Dow Jones	47,716	47,289	(0.9)
S & P 500	6,849	6,813	(0.5)
FTSE	9,721	9,703	(0.2)
Nikkei	50,254	49,303	(1.9)
Hang Seng	25,859	26,033	0.7
Shanghai Comp	3,889	3,914	0.7
Sensex	85,707	85,642	(0.1)
Nifty	26,203	26,176	(0.1)

Source: Bloomberg, Bank of Baroda Research]

- Global currencies ended mixed. DXY dipped marginally as US manufacturing slump continued in Nov'25. JPY appreciated by 0.5% amidst hawkish comments from BoJ Governor. INR hit another record low due to weak investor sentiments. It is trading further weaker today, while other currencies are trading higher.

Table 2 – Currencies

	28-11-2025	01-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1598	1.1610	0.1
GBP/USD (1 GBP / USD)	1.3235	1.3213	(0.2)
USD/JPY (JPY / 1 USD)	156.18	155.46	0.5
USD/INR (INR / 1 USD)	89.46	89.56	(0.1)
USD/CNY (CNY / 1 USD)	7.0745	7.0720	0
DXY Index	99.46	99.41	0

Source: Bloomberg, Bank of Baroda Research



- Global yields witnessed a broad-based sell-off on account of risk re-alignment over reports of a sell-off in cryptocurrencies. US 10Y yield rose the most, following Germany and Japan. For Japan, yields are likely to be sticky ahead of 10Y bond auction. India's 10Y yield rose by 2bps. It is trading at 6.52% today.

Table 3 – Bond 10Y yield

	28-11-2025	01-12-2025	Change, bps
US	4.01	4.09	7
UK	4.44	4.48	4
Germany	2.69	2.75	6
Japan	1.81	1.87	6
China	1.83	1.83	0
India	6.51	6.53	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	28-11-2025	01-12-2025	Change, bps
Tbill-91 days	5.34	5.36	2
Tbill-182 days	5.50	5.53	3
Tbill-364 days	5.52	5.52	0
G-Sec 2Y	5.78	5.82	4
India OIS-2M	5.40	5.43	3
India OIS-9M	5.41	5.46	5
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.05	4.12	7

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	28-11-2025	01-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.8	2.6	0.8

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	27-11-2025	28-11-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(67.3)	(349.2)	(281.9)
Debt	(10.9)	40.8	51.8
Equity	(56.4)	(390.1)	(333.7)
Mutual funds (Rs cr)	571.6	(213.0)	(784.6)
Debt	(4,637.3)	(1,990.0)	2,647.3
Equity	5,208.9	1,777.0	(3,431.9)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 26 Nov and 27 Nov 2025

- Oil prices were steady as OPEC+ kept its output levels for Q1 2026 unchanged.

Table 7 – Commodities

	28-11-2025	01-12-2025	Change, %
Brent crude (US\$/bbl)	63.2	63.2	0
Gold (US\$/ Troy Ounce)	4,239.4	4,232.2	(0.2)
Copper (US\$/ MT)	11,233.7	11,321.1	0.8
Zinc (US\$/MT)	3,279.9	3,364.9	2.6
Aluminium (US\$/MT)	2,868.0	2,893.0	0.9

Source: Bloomberg, Bank of Baroda Research



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