

MORNING MOCHA

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ECONOMIST

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In China, official manufacturing PMI inched up to 49.8 in Sep'25 from 49.4 in Aug'25, even though it remained in the contractionary zone (6th straight month). The non-manufacturing PMI slipped down to 50 from 50.3 in Aug'25. In contrast, private manufacturing PMI edged up to 51.2 from 50.1 in Aug'25. This was the fastest pace of expansion since Mar'25, supported by growing new orders and higher growth in production. Separately, in the US, the investors' monitored the possibility of the US government shutdown as the policymakers have reached an impasse ahead of the looming timeline. The partial shutdown could have serious ramifications and could result in ceasing down the operation of the non-essential federal services and delays in other government projects. In India, IIP growth remained steady at 4% in Aug (4.3% in Jul'25), with improvement noted in both mining and electricity output.

- Apart from Indian indices and Nikkei, other global indices closed higher. US stocks rose as investors monitored mixed commentary by Fed officials. Investors have priced in (89%) possibility of 25bps rate cut in the next meet. Sensex closed lower, with losses in IT related stocks. However, it is trading higher today, while other Asian indices are trading mixed.

Table 1 – Stock markets

	26-09-2025	29-09-2025	Change, %
Dow Jones	46,247	46,316	0.1
S & P 500	6,644	6,661	0.3
FTSE	9,285	9,300	0.2
Nikkei	45,355	45,044	(0.7)
Hang Seng	26,128	26,623	1.9
Shanghai Comp	3,828	3,863	0.9
Sensex	80,426	80,365	(0.1)
Nifty	24,655	24,635	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies ended higher. DXY fell by 0.3% on fears of a potential government shutdown. JPY rose the most by 0.6%. INR fell to a record low. It is however trading stronger today, in line with Asian currencies.

Table 2 – Currencies

	26-09-2025	29-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1703	1.1727	0.2
GBP/USD (1 GBP / USD)	1.3402	1.3429	0.2
USD/JPY (JPY / 1 USD)	149.49	148.59	0.6
USD/INR (INR / 1 USD)	88.72	88.76	(0.1)
USD/CNY (CNY / 1 USD)	7.1345	7.1224	0.2
DXY Index	98.15	97.91	(0.3)

Source: Bloomberg, Bank of Baroda Research



- Except India and China, other global yields inched up. Concerns over funding and a possible government shutdown in the US weighed on investor sentiments. While 10Y yield in US and Germany dropped by 4bps, in UK the decline was 5bps. India's 10Y yield rose by 3bps, due to higher supply in H2. It is trading further higher at 6.55% today.

Table 3 – Bond 10Y yield

	26-09-2025	29-09-2025	Change, bps
US	4.18	4.14	(4)
UK	4.75	4.70	(5)
Germany	2.75	2.71	(4)
Japan	1.65	1.64	(1)
China	1.89	1.90	1
India	6.52	6.56	3

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	26-09-2025	29-09-2025	Change, bps
Tbill-91 days	5.44	5.41	(3)
Tbill-182 days	5.53	5.54	1
Tbill-364 days	5.61	5.61	0
G-Sec 2Y	5.74	5.76	3
India OIS-2M	5.44	5.44	0
India OIS-9M	5.43	5.44	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.18	4.16	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	26-09-2025	29-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.5	0.6	0.1

Source: RBI, Bank of Baroda Research,

Table 6 – Capital market flows

	25-09-2025	26-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(511.4)	(608.4)	(97.1)
Debt	(48.9)	(47.2)	1.7
Equity	(462.5)	(561.2)	(98.8)
Mutual funds (Rs cr)	(1,965.8)	1,400.8	3,366.6
Debt	(2,625.5)	(2,722.2)	(96.7)
Equity	659.7	4,123.0	3,463.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 24 Sep and 25 Sep 2025

- Oil prices declined amidst growing concerns around surplus supply.

Table 7 – Commodities

	26-09-2025	29-09-2025	Change, %
Brent crude (US\$/bbl)	70.1	68.0	(3.1)
Gold (US\$/ Troy Ounce)	3,760.0	3,833.6	2.0
Copper (US\$/ MT)	10,142.6	10,384.8	2.4
Zinc (US\$/MT)	2,928.3	2,984.9	1.9
Aluminium (US\$/MT)	2,655.5	2,679.0	0.9

Source: Bloomberg, Bank of Baroda Research



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