MORNING MOCHA

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ECONOMIST
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In a recent meeting between Presidents of US and China, both signalled that an understanding between the two has been reached to arrive at a trade deal. For now, China has loosened its export control policy for rare-earth metals for 1 year and US has announced scaling back of tariff on fentanyl imports to 10% and overall tariffs to 47% from 57% earlier. Separately in Europe, growth outlook remains grim with Germany's GDP stalling (0%) in Q3CY25 (QoQ basis), following (-) 0.3% decline in Q2. In contrast, overall Eurozone GDP rose by 0.2% in Q3 from 0.1% in Q2. France, Spain and Netherland were the outperformers. ECB in its recent meeting held its policy rate unchanged, as overall growth shows some improvement and inflation remains under control for now.

- Except Nikkei and FTSE, other global indices ended lower. US indices fell amidst concerns over AI spending by major tech firms. Investors also continued to monitor developments in US-China trade talks. In Asia, while Nikkei continued to trade near a record-high, other indices were largely subdued. Sensex fell by 0.7% amidst losses in tech and banking stocks. However, it is trading higher today, in line with other Asian stocks.

Table 1 – Stock markets

	29-10-2025	30-10-2025	Change, %
Dow Jones	47,632	47,522	(0.2)
S & P 500	6,891	6,822	(1.0)
FTSE	9,756	9,760	0
Nikkei	51,308	51,326	0
Hang Seng	26,346	26,283	(0.2)
Shanghai Comp	4,016	3,987	(0.7)
Sensex	84,997	84,404	(0.7)
Nifty	26,054	25,878	(0.7)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Hong Kong were closed on 29 Oct 2025

- Global currencies depreciated. DXY continued to rally as investors pared back expectations of more rate cuts by the Fed. JPY fell as a sustained increase in inflation (Tokyo) impinged on future rate hikes. INR depreciated tracking global cues. However, it is trading stronger today, in line with other Asian currencies.

Table 2 – Currencies

	29-10-2025	30-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1601	1.1565	(0.3)
GBP/USD (1 GBP / USD)	1.3194	1.3151	(0.3)
USD/JPY (JPY / 1 USD)	152.73	154.13	(0.9)
USD/INR (INR / 1 USD)	88.20	88.70	(0.6)
USD/CNY (CNY / 1 USD)	7.0985	7.1104	(0.2)
DXY Index	99.22	99.53	0.3

Source: Bloomberg, Bank of Baroda Research

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- Except Japan and China, 10Y yields elsewhere closed higher. US 10Y yield rose by another 2bps, as traders continue to evaluate the possibility of no rate cut by Fed in Dec'25. Concerns around elevated US government debt have also resurfaced. Following global cues and rise in oil prices, India's 10Y yield rose by 4bps. However, it is trading flat today at 6.57%.

Table 3 – Bond 10Y yield

	29-10-2025	30-10-2025	Change, bps
US	4.08	4.10	2
UK	4.39	4.42	3
Germany	2.62	2.64	2
Japan	1.66	1.66	0
China	1.81	1.81	0
India	6.54	6.57	4

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	29-10-2025	30-10-2025	Change, bps
Tbill-91 days	5.45	5.45	0
Tbill-182 days	5.58	5.57	(1)
Tbill-364 days	5.57	5.57	0
G-Sec 2Y	5.78	5.85	7
India OIS-2M	5.52	5.50	(2)
India OIS-9M	5.46	5.47	1
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.31	4.27	(4)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	29-10-2025	30-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.1	0.1	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	28-10-2025	29-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	1,139.9	117.9	(1,022.0)
Debt	71.7	206.3	134.5
Equity	1,068.1	(88.4)	(1,156.5)
Mutual funds (Rs cr)	(436.2)	2,332.2	2,768.4
Debt	108.8	352.1	243.3
Equity	(545.1)	1,980.1	2,525.2

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 24 Oct and 27 Oct 2025

- Oil prices rose a tad, noting larger than expected decline in US inventories.

Table 7 – Commodities

	29-10-2025	30-10-2025	Change, %
Brent crude (US$/bbl)	64.9	65.0	0.1
Gold (US$/ Troy Ounce)	3,930.1	4,024.5	2.4
Copper (US$/ MT)	11,163.8	10,895.6	(2.4)
Zinc (US$/MT)	3,215.5	3,133.5	(2.5)
Aluminium (US$/MT)	2,887.0	2,863.5	(0.8)

Source: Bloomberg, Bank of Baroda Research

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