

MORNING MOCHA

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ECONOMIST
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After a brief sell-off, global bonds and crypto markets recovered as investors turned their focus towards the Fed meeting next week. Services PMI in Japan edged up to 53.2 in Nov'25 from 53.1 in Oct'25, supported by an expansion in new orders. In contrast, China's services PMI dipped to a 5-month low of 52.1 from 52.6 in Oct'25 as new business growth slowed. CPI inflation in the Eurozone rose to 2.2% in Nov'25 (2.1% in Oct'25), led by an uptick in services inflation. Core inflation was steady at 2.4%. The data reinforced views that the ECB is unlikely to cut rates further. In India, INR is trading above the 90/\$ mark today after slipping to successive lows in each of the last few sessions. Strong dollar demand, weak FPI inflows, subdued domestic equities and lack of progress on US-India trade deal are weighing on the rupee. The depreciation pressure is likely to persist in the near-term.

- Global indices closed mixed. Markets in the US and HK rose, while stocks in China and India declined. Stocks in the US were helped by optimism surrounding Fed rate cut and better than expected Q4 earnings. Tech stocks led the rise. Sensex fell by 0.6%, dragged by banking and power stocks. It is trading further lower today, while other Asian indices are trading mixed.

Table 1 – Stock markets

	01-12-2025	02-12-2025	Change, %
Dow Jones	47,289	47,474	0.4
S & P 500	6,813	6,829	0.2
FTSE	9,703	9,702	0
Nikkei	49,303	49,303	0
Hang Seng	26,033	26,095	0.2
Shanghai Comp	3,914	3,898	(0.4)
Sensex	85,642	85,138	(0.6)
Nifty	26,176	26,032	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY dipped for the 8th straight session on rising bets of a rate cut by the Fed. EUR rose even as Eurozone's inflation inched up in Nov'25. INR fell to a fresh low amidst weak investors sentiments. It breached the 90/\$ mark today. Asian currencies are trading mixed.

Table 2 – Currencies

	01-12-2025	02-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1610	1.1625	0.1
GBP/USD (1 GBP / USD)	1.3213	1.3213	0
USD/JPY (JPY / 1 USD)	155.46	155.88	(0.3)
USD/INR (INR / 1 USD)	89.56	89.88	(0.4)
USD/CNY (CNY / 1 USD)	7.0720	7.0712	0
DXY Index	99.41	99.36	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Barring China (higher), 10Y global yields fell/were flat elsewhere. Yields in the US remain steady ahead of major macro-economic releases before Fed's rate decision next week (ISM services, labour market and consumer sentiment data). Investors in the UK expect a rate cut by BoE this month. India's 10Y yield sharply by 4bps, amidst declining oil prices. It is trading higher at 6.53% today.

Table 3 – Bond 10Y yield

	01-12-2025	02-12-2025	Change, bps
US	4.09	4.09	0
UK	4.48	4.47	(1)
Germany	2.75	2.75	0
Japan	1.87	1.87	0
China	1.83	1.84	1
India	6.53	6.49	(4)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	01-12-2025	02-12-2025	Change, bps
Tbill-91 days	5.36	5.37	1
Tbill-182 days	5.53	5.53	0
Tbill-364 days	5.52	5.52	0
G-Sec 2Y	5.82	5.81	(1)
India OIS-2M	5.43	5.43	0
India OIS-9M	5.46	5.45	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.12	4.12	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	01-12-2025	02-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.6	2.7	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	28-11-2025	01-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(349.2)	72.2	421.4
Debt	40.8	166.5	125.7
Equity	(390.1)	(94.3)	295.8
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 declined tracking developments surrounding Russia-Ukraine peace deal.

Table 7 – Commodities

	01-12-2025	02-12-2025	Change, %
Brent crude (US\$/bbl)	63.2	62.5	(1.1)
Gold (US\$/ Troy Ounce)	4,232.2	4,205.9	(0.6)
Copper (US\$/ MT)	11,321.1	11,214.2	(0.9)
Zinc (US\$/MT)	3,364.9	3,313.5	(1.5)
Aluminium (US\$/MT)	2,893.0	2,865.5	(1.0)

Source: Bloomberg, Bank of Baroda Research



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