MORNING MOCHA

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ECONOMIST
Dipanwita Mazumdar

Global markets remained cautious in a data light trading day. The major momentum was seen in the Nikkei index which continued touching its record high for the 2nd straight session in a row. This is supported by optimism over Japan's ruling party leader Sanae Takaichis's recent victory. The gain in Nikkei was also supported by a weaker yen amidst anticipation of softer pace of interest rate hike by BoJ under the new political shift. Japan's 10Y yield also firmed up amidst anticipation of fiscal expansion. Elsewhere, investors were cautious of France's political crisis as the new PM resigned only after 26 days in the role. On tariff front, US President spoke of the 25% tariff on medium and heavy-duty truck to take effect on 1 Nov. On domestic front, India's services PMI was a tad lower at 60.9 in Sep'25 from 61.6, albeit buoyancy in new order intakes.

- Global indices ended mixed as investors processed political developments in France and Japan along with the US government shutdown. Nikkei rose sharply by 4.8% (record high), as investors reassessed bet of BOJ's rate hikes. S&P 500 also touched a historic high driven by AI optimism. Sensex rose led by tech stocks. It is trading further higher today, in line with other Asian indices.

Table 1 – Stock markets

	3-10-2025	6-10-2025	Change, %
Dow Jones	46,758	46,695	(0.1)
S & P 500	6,716	6,740	0.4
FTSE	9,491	9,479	(0.1)
Nikkei	45,770	47,945	4.8
Hang Seng	27,141	26,958	(0.7)
Shanghai Comp	3,863	3,883	0.5
Sensex	81,207	81,790	0.7
Nifty	24,894	25,078	0.7

Source: Bloomberg, Bank of Baroda Research, Note: China's data as of 30 Sep and 29 Sep

- Global currencies ended mixed. JPY declined on fading hopes of rate hikes after election of the new PM. In Europe, resignation of the PM weighed on investor sentiments with EUR falling by 0.3%. INR ended stable. It is trading marginally stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	3-10-2025	6-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1742	1.1711	(0.3)
GBP/USD (1 GBP / USD)	1.3480	1.3485	0
USD/JPY (JPY / 1 USD)	147.47	150.35	(1.9)
USD/INR (INR / 1 USD)	88.78	88.79	0
USD/CNY (CNY / 1 USD)	7.1224	7.1224	0
DXY Index	97.72	98.11	0.4

Source: Bloomberg, Bank of Baroda Research, Note: China's data as of 30 Sep and 29 Sep

- Global yields witnessed broad based sell off. UK's 10Y yield rose the most ahead of the weekly earnings data. US 10Y yield also edged up following comments by one of the Fed officials which hinted at eyeing inflation trajectory closely. India's 10Y yield rose a tad and is trading at 6.51% today.

Table 3 – Bond 10Y yield

	3-10-2025	6-10-2025	Change, bps
US	4.12	4.15	3
UK	4.69	4.74	5
Germany	2.70	2.72	2
Japan	1.66	1.69	3
China	1.90	1.87	(3)
India	6.51	6.52	1

Source: Bloomberg, Bank of Baroda Research, Note: China's data as of 30 Sep and 29 Sep

Table 4 – Short term rates

	3-10-2025	6-10-2025	Change, bps
Tbill-91 days	5.48	5.38	(10)
Tbill-182 days	5.57	5.50	(7)
Tbill-364 days	5.58	5.54	(4)
G-Sec 2Y	5.76	5.69	(7)
India OIS-2M	5.49	5.49	0
India OIS-9M	5.42	5.41	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.20	4.18	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	3-10-2025	6-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.9	1.6	(0.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	1-10-2025	3-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	17.8	72.3	54.5
Debt	(2.9)	250.8	253.7
Equity	20.7	(178.5)	(199.2)
Mutual funds (Rs cr)	(1,273.9)	9,121.0	10,394.9
Debt	(3,133.8)	6,266.5	9,400.3
Equity	1,859.9	2,854.6	994.7

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 1 Oct and 30 Sep 2025

- Oil prices rose after OPEC+ announced a lower-than-expected output hike.

Table 7 – Commodities

	3-10-2025	6-10-2025	Change, %
Brent crude (US$/bbl)	64.5	65.5	1.5
Gold (US$/ Troy Ounce)	3,886.5	3,961.0	1.9
Copper (US$/ MT)	10,690.3	10,613.1	(0.7)
Zinc (US$/MT)	3,102.6	3,055.3	(1.5)
Aluminium (US$/MT)	2,709.5	2,725.0	0.6

Source: Bloomberg, Bank of Baroda Research

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For further details about this publication, please contact:

Chief Economist
Bank of Baroda
chief.economist@bankofbaroda.com