

**MORNING MOCHA**

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ECONOMIST

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In Germany, industrial production data surprised positively as it accelerated by 1.8% in Oct'25 on a MoM basis from 1.1% (downwardly revised) in Sep'25. Given the industrial production has been increasing over the two-consecutive months, there are early signals of industrial weakness bottoming out. It has been witnessing cyclical headwinds in the form of tariffs, along with structural challenges such as geopolitical movements and energy prices. On the tariff front, there are news reports that US might be considering imposing new tariffs on rice imports from India even as the two nations are currently engaged in trade talks. Analyst will keep their focus towards the upcoming Fed rate decision wherein 25bps rate cut has been priced in (89%), however there is uncertainty pertaining to the pace of rate cuts in CY26.

- Global equity indices closed mixed. US stocks started the week on a much sombre note, with investors turning their focus towards tech stocks and their valuations. Hang Seng tumbled with sell off noted in 'new consumption' stocks, followed by banking and gold stocks. Sensex too closed lower with broad based losses across sectors. It is trading lower today; Asian indices are trading mixed.

**Table 1 – Stock markets**

	05-12-2025	08-12-2025	Change, %
Dow Jones	47,955	47,739	(0.4)
S & P 500	6,870	6,847	(0.3)
FTSE	9,667	9,645	(0.2)
Nikkei	50,492	50,582	0.2
Hang Seng	26,085	25,765	(1.2)
Shanghai Comp	3,903	3,924	0.5
Sensex	85,712	85,103	(0.7)
Nifty	26,186	25,961	(0.9)

Source: Bloomberg, Bank of Baroda Research|

- Global currencies largely closed flat/lower. JPY fell the most, following news of earthquake striking Northeast Japan. DXY rose a tad by 0.1%, as investors see minimal chance of rate cut in Fed's Jan'26 meeting. INR fell by 0.1% and remained above the 90/\$ mark. However, it is trading stronger today, in line with other Asian currencies.

**Table 2 – Currencies**

	05-12-2025	08-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1642	1.1637	0
GBP/USD (1 GBP / USD)	1.3328	1.3322	0
USD/JPY (JPY / 1 USD)	155.33	155.92	(0.4)
USD/INR (INR / 1 USD)	89.99	90.09	(0.1)
USD/CNY (CNY / 1 USD)	7.0711	7.0720	0
DXY Index	98.99	99.09	0.1

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields inched up. Yields in Germany (6bps) and UK (5bps) rose the most. US 10Y yield was also up by 3bps, as investors brace for a hawkish cut tomorrow and a highly uncertain Fed's rate trajectory in. Better than expected industrial production data in Germany boosted investor morale. India's 10Y yield rose by 4bps, following global cues. It is trading further higher today at 6.55%.

**Table 3 – Bond 10Y yield**

	05-12-2025	08-12-2025	Change, bps
US	4.14	4.16	3
UK	4.48	4.53	5
Germany	2.80	2.86	6
Japan	1.95	1.98	3
China	1.83	1.84	1
India	6.49	6.53	4

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	05-12-2025	08-12-2025	Change, bps
Tbill-91 days	5.22	5.25	3
Tbill-182 days	5.45	5.42	(3)
Tbill-364 days	5.44	5.46	2
G-Sec 2Y	5.76	5.77	1
India OIS-2M	5.33	5.34	1
India OIS-9M	5.39	5.42	3
SONIA int rate benchmark	3.97	3.97	0
US SOFR	3.92	3.93	1

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	05-12-2025	08-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.3	1.5	(0.8)

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	04-12-2025	05-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(122.3)	(183.2)	(60.9)
Debt	(266.6)	(181.3)	85.3
Equity	144.3	(1.8)	(146.1)
Mutual funds (Rs cr)	(3,757.9)	2,273.7	6,031.6
Debt	(3,189.2)	709.9	3,899.1
Equity	(568.7)	1,563.8	2,132.5

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 02 Dec and 03 Dec 2025

- Oil prices fell, as Iraq restored production at one of its oilfields (~0.5% global oil supply).

**Table 7 – Commodities**

	05-12-2025	08-12-2025	Change, %
Brent crude (US\$/bbl)	63.8	62.5	(2.0)
Gold (US\$/ Troy Ounce)	4,197.8	4,190.7	(0.2)
Copper (US\$/ MT)	11,643.6	11,643.7	0
Zinc (US\$/MT)	3,261.0	3,287.7	0.8
Aluminium (US\$/MT)	2,897.5	2,888.0	(0.3)

Source: Bloomberg, Bank of Baroda Research



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