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ECONOMIST
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Among major developments has been China's recent curbs on rare earth exports. The restrictions centre on excluding unauthorised overseas corporations. This could have ripple effect as China is the major global supplier. US President spoke of a likely truce between Israel and Hamas. Fed minutes reflected that growing concerns of labour market conditions have supported the current easing. However, dissent among Fed officials existed over persistence of higher inflation. ECB officials spoke of limited space for monetary easing amidst gradual economic recovery. Bank of Thailand kept policy rate unchanged against expectation of a 25bps rate cut citing financial stability. Separately, IMF Chief commented that India has emerged as a key growth engine supported by policy fundamentals.

- Global indices ended mixed. In the US, investors assessed the minutes of Fed meeting and mixed commentaries from Fed officials. While Dow Jones ended broadly flat, S&P 500 rose. Nikkei dipped by 0.5% on profit taking after a strong rally. Sensex dipped by 0.2%, as real estate and power stocks slid. It is however trading higher today, in line with other Asian markets.

Table 1 – Stock markets

	7-10-2025	8-10-2025	Change, %
Dow Jones	46,603	46,602	0
S & P 500	6,715	6,754	0.6
FTSE	9,484	9,549	0.7
Nikkei	47,951	47,735	(0.5)
Hang Seng	27,141	26,958	(0.7)
Shanghai Comp	3,863	3,883	0.5
Sensex	81,927	81,774	(0.2)
Nifty	25,108	25,046	(0.2)

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

- Global currencies continued to weaken against the dollar. DXY rose by 0.3% despite dovish Fed minutes. JPY depreciated further and traded near an 8-month low as investors weighed BoJ's rate trajectory. INR dipped to a record low following global cues. It is trading stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	7-10-2025	8-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1657	1.1628	(0.2)
GBP/USD (1 GBP / USD)	1.3426	1.3404	(0.2)
USD/JPY (JPY / 1 USD)	151.90	152.69	(0.5)
USD/INR (INR / 1 USD)	88.78	88.80	0
USD/CNY (CNY / 1 USD)	7.1224	7.1224	0
DXY Index	98.58	98.92	0.3

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

- The risk off sentiments continued to push global yields lower. Germany's 10Y yield softened the most over weaker industrial production data. Elsewhere, yields traded thinly. India's 10Y yield fell a tad tracking no fresh cues. It is trading at 6.52% today.

Table 3 – Bond 10Y yield

	7-10-2025	8-10-2025	Change, bps
US	4.12	4.12	(1)
UK	4.72	4.71	(1)
Germany	2.71	2.68	(3)
Japan	1.69	1.69	0
China	1.90	1.87	(3)
India	6.51	6.50	(1)

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

Table 4 – Short term rates

	7-10-2025	8-10-2025	Change, bps
Tbill-91 days	5.47	5.41	(6)
Tbill-182 days	5.55	5.53	(2)
Tbill-364 days	5.56	5.54	(2)
G-Sec 2Y	5.64	5.65	1
India OIS-2M	5.49	5.49	0
India OIS-9M	5.40	5.40	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.15	4.14	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	7-10-2025	8-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.5	1.3	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	6-10-2025	7-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	(351.4)	50.4	401.8
Debt	(185.6)	(137.1)	48.5
Equity	(165.8)	187.5	353.3
Mutual funds (Rs cr)	4,370.9	2,189.4	(2,181.5)
Debt	4,397.9	(1,168.6)	(5,566.5)
Equity	(27.0)	3,358.1	3,385.1

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 3 Oct and 6 Oct 2025

- Oil prices rose as an EIA report showed a pickup in US oil consumption.

Table 7 – Commodities

	7-10-2025	8-10-2025	Change, %
Brent crude (US$/bbl)	65.5	66.3	1.2
Gold (US$/ Troy Ounce)	3,984.9	4,042.0	1.4
Copper (US$/ MT)	10,724.3	10,639.5	(0.8)
Zinc (US$/MT)	3,113.6	3,064.1	(1.6)
Aluminium (US$/MT)	2,741.5	2,753.5	0.4

Source: Bloomberg, Bank of Baroda Research

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