

MORNING MOCHA

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ECONOMIST

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In India, non-food credit growth moderated to 9.9% in Aug'25 from 13.6% for the corresponding fortnight of the previous year. Slower pace of growth was noted for industries with deceleration noted in both large and medium industries. However, micro and small scale (20.9% vs 13.4%) industries registered a robust growth for the same period. For the retail sector, credit growth rose at a slower pace (11.8% vs 13.9%), with deceleration noted in housing, education and vehicle loans. However, the credit growth is expected to rebound sharply in H2FY26 on the back of rationalisation of GST rates, lower interest rates, along with tax cuts which will propel consumption. Separately, India's fiscal deficit for Apr-Aug'25 period rose to Rs 5.9 lakh cr (Rs 4.3 lakh cr last year), reaching 38.1% of the FY26 target.

- Barring Nikkei and Indian indices, other global indices closed higher. US stocks edged up, supported by early signals of strengthening labour market (jobs opening data). Sensex closed lower. However, it is trading higher today ahead of the RBI policy. Asian indices are also trading higher.

Table 1 – Stock markets

	29-09-2025	30-09-2025	Change, %
Dow Jones	46,316	46,398	0.2
S & P 500	6,661	6,688	0.4
FTSE	9,300	9,350	0.5
Nikkei	45,044	44,933	(0.2)
Hang Seng	26,623	26,856	0.9
Shanghai Comp	3,863	3,883	0.5
Sensex	80,365	80,268	(0.1)
Nifty	24,635	24,611	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Barring INR and CNY, other global currencies rose. DXY fell by 0.1% as analysts await data on non-farm payrolls and gauge the impact of government shutdown on employment. JPY gained the most. INR remains near its all-time low, but is trading tad higher today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	29-09-2025	30-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1727	1.1734	0.1
GBP/USD (1 GBP / USD)	1.3429	1.3446	0.1
USD/JPY (JPY / 1 USD)	148.59	147.90	0.5
USD/INR (INR / 1 USD)	88.76	88.79	0
USD/CNY (CNY / 1 USD)	7.1224	7.1224	0
DXY Index	97.91	97.78	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields closed mixed. US 10Y was up a tad by 1bps as investors monitored prospects of government shutdown and tracked JOLTS data. India's 10Y yield rose by 2bps, even as oil prices remain lower. However, it is trading lower at 6.56% today, ahead of RBI decision today.

Table 3 – Bond 10Y yield

	29-09-2025	30-09-2025	Change, bps
US	4.14	4.15	1
UK	4.70	4.70	0
Germany	2.71	2.71	0
Japan	1.64	1.65	0
China	1.90	1.87	(3)
India	6.56	6.58	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	29-09-2025	30-09-2025	Change, bps
Tbill-91 days	5.44	5.40	(4)
Tbill-182 days	5.53	5.51	(2)
Tbill-364 days	5.61	5.56	(5)
G-Sec 2Y	5.74	5.77	4
India OIS-2M	5.44	5.44	0
India OIS-9M	5.43	5.43	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.16	4.13	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	29-09-2025	30-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.6	0.8	0.2

Source: RBI, Bank of Baroda Research,

Table 6 – Capital market flows

	26-09-2025	29-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(608.4)	(121.1)	487.4
Debt	(47.2)	31.6	78.8
Equity	(561.2)	(152.7)	408.6
Mutual funds (Rs cr)	1,400.8	5,458.3	4,057.5
Debt	(2,722.2)	129.4	2,851.6
Equity	4,123.0	5,328.8	1,205.9

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 25 Sep and 26 Sep 2025

- Oil prices fell further, led by concerns of higher supply (from OPCE+ and Iraq).

Table 7 – Commodities

	29-09-2025	30-09-2025	Change, %
Brent crude (US\$/bbl)	68.0	67.0	(1.4)
Gold (US\$/ Troy Ounce)	3,833.6	3,859.0	0.7
Copper (US\$/ MT)	10,384.8	10,225.5	(1.5)
Zinc (US\$/MT)	2,984.9	3,016.0	1.0
Aluminium (US\$/MT)	2,679.0	2,680.5	0.1

Source: Bloomberg, Bank of Baroda Research



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