MORNING MOCHA

23 October 2025

ECONOMIST
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Global trade related tensions resurfaced with reports stating curbs on software exports to China against the recent restrictions over exports of rare earth shipments. This led equity and currency to trade cautiously. Traders are also awaiting delayed release of US CPI data amidst government shutdown. Brent prices showed the impact of US announced sanctions on two of Russia's largest oil firms. On macro front, UK CPI surprised on the downside (3.8% against est.: 4%, YoY, Sep'25). Thus, giving breather to BoE. Elsewhere, Japan's exports rose less than anticipated (4.2% against est.: 4.4%) whereas imports rose at a faster pace (3.3% against est.: 0.6%. More stimulus is awaited from newly elected PM. On domestic front, markets will assess the impact of sanctions on Russian oil, in the truncated trading week.

- Except FTSE and Nikkei, stock indices elsewhere fell. Markets in India were closed. Indices in the US declined as investors tracked weaker than expected earnings reports of major corporates (Texas instruments, Netflix). In India, Sensex and Nifty closed higher before Diwali holidays. Sensex has opened even higher today, while other Asian indices are trading mixed.

Table 1 – Stock markets

	21-10-2025	22-10-2025	Change, %
Dow Jones	46,925	46,590	(0.7)
S & P 500	6,735	6,699	(0.5)
FTSE	9,427	9,515	0.9
Nikkei	49,316	49,308	0
Hang Seng	26,028	25,782	(0.9)
Shanghai Comp	3,916	3,914	(0.1)
Sensex	83,952	84,363	0.5
Nifty	25,710	25,843	0.5

Source: Bloomberg, Bank of Baroda Research| Note: Indian markets data as of 20 Oct

- Barring EUR and GBP, other global currencies ended steady against the dollar. DXY also remained unchanged (0%). GBP depreciated by 0.1%, as bond yields declined, following softer than expected inflation print. EUR gained as ECB is expected to hold rates steady in its Oct'25 meeting. INR ended flat; however, it is trading stronger today, in line with other Asian currencies.

Table 2 – Currencies

	21-10-2025	22-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1600	1.1611	0.1
GBP/USD (1 GBP / USD)	1.3371	1.3356	(0.1)
USD/JPY (JPY / 1 USD)	151.93	151.98	0
USD/INR (INR / 1 USD)	87.97	87.93	0
USD/CNY (CNY / 1 USD)	7.1247	7.1251	0
DXY Index	98.93	98.90	0

Source: Bloomberg, Bank of Baroda Research| Note: Indian markets data as of 20 Oct

- Global yields broadly traded lower as risk off sentiments outweighed. UK's 10Y yield softened the most as traders increased the chances of a rate cut by BoE following softer CPI data. Japan's 10Y yield also moderated awaiting fresh stimulus package under the new administration. India's 10Y yield is trading at 6.52% today.

Table 3 – Bond 10Y yield

	21-10-2025	22-10-2025	Change, bps
US	3.96	3.95	(1)
UK	4.48	4.42	(6)
Germany	2.55	2.56	1
Japan	1.66	1.65	(2)
China	1.84	1.83	(1)
India	6.51	6.50	(1)

Source: Bloomberg, Bank of Baroda Research| Note: Indian markets data as of 20 Oct

Table 4 – Short term rates

	17-10-2025	20-10-2025	Change, bps
Tbill-91 days	5.43	5.41	(2)
Tbill-182 days	5.53	5.53	0
Tbill-364 days	5.53	5.53	0
G-Sec 2Y	5.76	5.75	(2)
India OIS-2M	5.52	5.51	(1)
India OIS-9M	5.43	5.41	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.16	4.23	7

Source: Bloomberg, Bank of Baroda Research| Note: International rates as of 20th and 21st Oct

Table 5 – Liquidity

Rs tn	17-10-2025	20-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.0	0.7	(1.7)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	16-10-2025	17-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	495.6	300.1	(195.4)
Debt	250.7	199.8	(50.9)
Equity	244.9	100.4	(144.5)
Mutual funds (Rs cr)	3,192.8	2,787.1	(405.7)
Debt	927.3	(698.7)	(1,626.1)
Equity	2,265.5	3,485.8	1,220.4

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 14 Oct and 15 Oct 2025

- Oil prices rose tracking US sanctions on Russian oil.

Table 7 – Commodities

	21-10-2025	22-10-2025	Change, %
Brent crude (US$/bbl)	61.3	62.6	2.1
Gold (US$/ Troy Ounce)	4,125.2	4,098.4	(0.6)
Copper (US$/ MT)	10,593.3	10,656.6	0.6
Zinc (US$/MT)	3,287.3	3,367.7	2.4
Aluminium (US$/MT)	2,781.0	2,807.0	0.9

Source: Bloomberg, Bank of Baroda Research

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