

MORNING MOCHA

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ECONOMIST

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In line with expectation, US Fed reduced policy rates by 25bps, bringing the benchmark rate in the range of 3.75-4% (lowest level in 3-years). A majority (10-2) voted for rate cut, with dissent votes by Governor Miran (appointed by President Trump) who voted for deeper rate cut (50bps) and Kansas Fed chief who voted for no rate reduction. Fed Chief Powell noted that lack of data could possibly have an impact on Dec'25 meet. He also noted, 'differing views' between members on future path of monetary policy. Additionally, it was announced, that Fed will restart limited purchases of Treasury securities, post money market giving signs of scarce liquidity. Separately, Bank of Japan kept the rates unchanged at 0.5% with majority vote of 7-2 which was widely expected.

- Barring Dow Jones and Hang Seng, other global indices closed higher. US indices closed mixed as investors are no longer assured of another rate cut in Dec'25. Nikkei scaled a record high supported by tech optimism. Sensex rebounded with gains in power and oil & gas stocks. However, it is trading lower today, while other Asian stocks are trading mixed.

Table 1 – Stock markets

	28-10-2025	29-10-2025	Change, %
Dow Jones	47,706	47,632	(0.2)
S & P 500	6,891	6,891	0
FTSE	9,697	9,756	0.6
Nikkei	50,219	51,308	2.2
Hang Seng	26,434	26,346	(0.3)
Shanghai Comp	3,988	4,016	0.7
Sensex	84,628	84,997	0.4
Nifty	25,936	26,054	0.5

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY, other major currencies fell against the US\$. DXY jumped by 0.6% as Fed Chair signalled paucity in rates in the coming months. Gains in treasury yields also helped US\$ strengthen. GBP, EUR and JPY were most hit. INR rose by 0.1%, supported by optimism around possible US-India trade deal. However, it is trading weaker today, in line with other Asian currencies.

Table 2 – Currencies

	28-10-2025	29-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1651	1.1601	(0.4)
GBP/USD (1 GBP / USD)	1.3272	1.3194	(0.6)
USD/JPY (JPY / 1 USD)	152.11	152.73	(0.4)
USD/INR (INR / 1 USD)	88.27	88.20	0.1
USD/CNY (CNY / 1 USD)	7.0992	7.0985	0
DXY Index	98.67	99.22	0.6

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield jumped sharply (10bps) as Fed Chair indicated that there was growing consensus that FOMC should pause its rate cut cycle, as it evaluates the impact of latest reduction in rates. Investors and Fed also await release of delayed macro-economic data. India's 10Y yield was stable. However, it is trading a tad higher today, tracking global cues.

Table 3 – Bond 10Y yield

	28-10-2025	29-10-2025	Change, bps
US	3.98	4.08	10
UK	4.40	4.39	(1)
Germany	2.62	2.62	0
Japan	1.65	1.66	1
China	1.81	1.81	0
India	6.54	6.54	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	28-10-2025	29-10-2025	Change, bps
Tbill-91 days	5.45	5.45	0
Tbill-182 days	5.50	5.58	8
Tbill-364 days	5.48	5.57	9
G-Sec 2Y	5.78	5.78	0
India OIS-2M	5.52	5.52	0
India OIS-9M	5.45	5.46	1
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.27	4.31	4

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	28-10-2025	29-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.1)	0.1	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	27-10-2025	28-10-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	117.7	1,139.9	1,022.2
Debt	47.8	71.7	24.0
Equity	70.0	1,068.1	998.2
Mutual funds (Rs cr)	(436.2)	2,332.2	2,768.4
Debt	108.8	352.1	243.3
Equity	(545.1)	1,980.1	2,525.2

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 24 Oct and 27th Oct 2025

- Oil prices rose, as US-China trade deal may improve demand prospects.

Table 7 – Commodities

	28-10-2025	29-10-2025	Change, %
Brent crude (US\$/bbl)	64.4	64.9	0.8
Gold (US\$/ Troy Ounce)	3,952.1	3,930.1	(0.6)
Copper (US\$/ MT)	11,019.0	11,163.8	1.3
Zinc (US\$/MT)	3,229.1	3,215.5	(0.4)
Aluminium (US\$/MT)	2,889.0	2,887.0	(0.1)

Source: Bloomberg, Bank of Baroda Research



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