

MORNING MOCHA

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ECONOMIST

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In UK, the economy expanded by 1.3% in Aug'25, much slower pace than anticipated against a growth of 1.5% in Jul'25 (revised upwards). On a MoM basis, British economy rose by 0.1% in Aug'25, same pace as Jul'25. Production edged up by 0.4%, while construction was down by 0.3% for the same period. The economy is expected to witness some slowdown on business investment and consumer spending, given the likely announcement of higher taxes and lower spending by government. Separately, in the US, Philadelphia Fed manufacturing index declined to 12.8 in Oct'25, lowest level since Apr'25. On policy front, investors are pricing in a rate cut in Oct'25 based on recent dovish commentary by both Fed Officials, Christopher Waller and the new Governor Stephen Miran, as they push for easing.

- Global indices closed mixed. US indices ended lower as investors turned wary amidst signs of weakness noted in regional banks. 10 out of 11 subsectors within S&P 500 registered a decline led by financials and energy. Nikkei rose by 1.3% supported by optimism in AI and chip related stocks. Sensex advanced further with strong gains in consumer durable and auto stocks. However, it is trading lower today, in line with other Asian markets.

Table 1 – Stock markets

	15-10-2025	16-10-2025	Change, %
Dow Jones	46,253	45,952	(0.7)
S & P 500	6,671	6,629	(0.6)
FTSE	9,425	9,436	0.1
Nikkei	47,673	48,278	1.3
Hang Seng	25,911	25,889	(0.1)
Shanghai Comp	3,912	3,916	0.1
Sensex	82,605	83,468	1.0
Nifty	25,324	25,585	1.0

Source: Bloomberg, Bank of Baroda Research

- DXY softened amidst worries over credit quality in the US. JPY rose the most amidst safe- haven demand and monitoring changing political landscape in the region. INR also appreciated by 0.3%, supported by better FII data. It is trading stronger today, while other Asian currencies are trading lower.

Table 2 – Currencies

	15-10-2025	16-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1647	1.1687	0.3
GBP/USD (1 GBP / USD)	1.3403	1.3434	0.2
USD/JPY (JPY / 1 USD)	151.05	150.43	0.4
USD/INR (INR / 1 USD)	88.07	87.83	0.3
USD/CNY (CNY / 1 USD)	7.1270	7.1246	0
DXY Index	98.79	98.34	(0.5)

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield softened the most monitoring risk off sentiment amidst woes concerning lending standards in the US. Fed officials also remained broadly dovish on future trajectory of rates. UK's 10Y yield also softened monitoring slew of macro releases. India's 10Y yield inched up ahead of the auction results. It is trading at 6.48% today.

Table 3 – Bond 10Y yield

	15-10-2025	16-10-2025	Change, bps
US	4.03	3.97	(5)
UK	4.54	4.50	(4)
Germany	2.57	2.57	0
Japan	1.65	1.67	1
China	1.84	1.84	(1)
India	6.48	6.50	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	15-10-2025	16-10-2025	Change, bps
Tbill-91 days	5.43	5.43	0
Tbill-182 days	5.53	5.52	(1)
Tbill-364 days	5.54	5.52	(2)
G-Sec 2Y	5.75	5.77	2
India OIS-2M	5.51	5.52	1
India OIS-9M	5.41	5.42	1
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.19	4.29	10

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	15-10-2025	16-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	1.4	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	14-10-2025	15-10-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	68.3	477.7	409.4
Debt	133.3	398.9	265.6
Equity	(65.0)	78.8	143.8
Mutual funds (Rs cr)	(621.0)	3,192.8	3,813.8
Debt	(605.6)	927.3	1,532.9
Equity	(15.4)	2,265.5	2,280.9

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 13 Oct and 14 Oct 2025

- Oil prices fell weighed down by trade frictions and geopolitical developments.

Table 7 – Commodities

	15-10-2025	16-10-2025	Change, %
Brent crude (US\$/bbl)	61.9	61.1	(1.4)
Gold (US\$/ Troy Ounce)	4,207.5	4,326.6	2.8
Copper (US\$/ MT)	10,668.9	10,635.8	(0.3)
Zinc (US\$/MT)	3,087.8	3,110.2	0.7
Aluminium (US\$/MT)	2,746.0	2,788.5	1.5

Source: Bloomberg, Bank of Baroda Research



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