

## MORNING MOCHA

19 December 2025

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Global markets monitored major central bank policy decisions. BoE had cut policy rate by 25bps, and bank rate is at its 3-year low of 3.75%. However, BoE Governor, clearly signalled that there remains less scope of future easing. ECB maintained status quo amidst buoyant growth outlook and inflation aligning to the 2% target. The future policy outlook seems to be hawkish. BoJ raised policy rate by 25bps to 0.75%, its first hike since Jan'25 with policy rate at its highest since CY95. The decision comes in the wake of CPI hovering at or above the targeted 2% level for 44-months in a row. Amongst major macro releases, both CPI and core CPI in the US softened to 2.7% and 2.6%, respectively, on YoY basis. Initial jobless claims moderated to 224K for the week ending 13 Dec. On domestic front, India and Oman signed trade pact to expand trade and investment, a welcoming move towards diversification.

- US stocks received support from a moderation in CPI. Elsewhere, investors monitored policy decisions and commentaries from BoE and ECB. Sensex declined further, as power and oil and gas receded. It is trading further weaker today, while other Asian stocks are trading mostly higher.

**Table 1 – Stock markets**

	17-12-2025	18-12-2025	Change, %
Dow Jones	47,886	47,952	0.1
S & P 500	6,721	6,775	0.8
FTSE	9,774	9,838	0.6
Nikkei	49,512	49,002	(1.0)
Hang Seng	25,469	25,498	0.1
Shanghai Comp	3,870	3,876	0.2
Sensex	84,560	84,482	(0.1)
Nifty	25,819	25,816	0

Source: Bloomberg, Bank of Baroda Research|

- Except EUR, other global currencies ended higher. DXY rose by 0.1% tracking CPI data. EUR depreciated as ECB likely closed the door for more rate cuts. GBP was broadly flat after BoE cut rates by a narrow vote. INR appreciated by 0.1%. It is trading stronger at below the 90/\$ mark today. Asian currencies are trading mixed.

**Table 2 – Currencies**

	17-12-2025	18-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1741	1.1722	(0.2)
GBP/USD (1 GBP / USD)	1.3376	1.3381	0
USD/JPY (JPY / 1 USD)	155.69	155.55	0.1
USD/INR (INR / 1 USD)	90.38	90.25	0.1
USD/CNY (CNY / 1 USD)	7.0440	7.0413	0
DXY Index	98.37	98.43	0.1

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield softened by 3bps tracking moderation in CPI data. Elsewhere 10Y yields traded thinly monitoring policy decisions of major central banks. Japan's 10Y yield is trading at its highest since CY06 at 2%, post BoJ rate decision. India's 10Y yield fell by 3bps tracking auction results of Rs 500bn OMO purchase by RBI. It is trading at 6.58% today.

**Table 3 – Bond 10Y yield**

	17-12-2025	18-12-2025	Change, bps
US	4.15	4.12	(3)
UK	4.48	4.48	1
Germany	2.86	2.85	(1)
Japan	1.98	1.97	0
China	1.84	1.84	0
India	6.60	6.57	(3)

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	17-12-2025	18-12-2025	Change, bps
Tbill-91 days	5.27	5.25	(2)
Tbill-182 days	5.49	5.49	0
Tbill-364 days	5.49	5.50	1
G-Sec 2Y	5.81	5.81	(0)
India OIS-2M	5.36	5.35	(1)
India OIS-9M	5.44	5.43	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	3.69	3.69	0

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	17-12-2025	18-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.6)	(0.3)	0.3

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	16-12-2025	17-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(104.5)	101.5	206.1
Debt	52.0	(82.0)	(134.1)
Equity	(156.6)	183.6	340.1
Mutual funds (Rs cr)	(7,980.6)	(129.3)	7,851.4
Debt	(8,203.7)	433.7	8,637.4
Equity	223.1	(563.0)	(786.0)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 15 Dec and 16 Dec 2025

- Oil prices rose as US President announced sanctions on Venezuela.

**Table 7 – Commodities**

	17-12-2025	18-12-2025	Change, %
Brent crude (US\$/bbl)	59.7	59.8	0.2
Gold (US\$/ Troy Ounce)	4,338.3	4,332.6	(0.1)
Copper (US\$/ MT)	11,727.2	11,764.1	0.3
Zinc (US\$/MT)	3,051.9	3,036.7	(0.5)
Aluminium (US\$/MT)	2,905.5	2,916.0	0.4

Source: Bloomberg, Bank of Baroda Research



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