

**MORNING MOCHA**

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**ECONOMIST**  
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Initial jobless claims in the US for the week ending 13 Sep 2025 fell by 33k to 231k (est.: 240k) from the previous week's 264k. Continuing claims (4-week moving average) also fell by ~10k to 1.93mn (as of 6 Sep) from 1.94mn in the week before. This indicates that labour market is not slowing as much as anticipated, fuelling concerns regarding Fed's future rate cut trajectory. Separately, in UK, in line with market expectations, BoE left rates unchanged at 4% as and Governor warned that "we're not out of the woods yet" as inflation remains elevated (3.8% in Aug'25) and is expected to peak at 4% in Sep'25. Analysts are now split between rate cut in Nov'25 or early next year. In Japan, as expected, BoJ maintained its policy rate steady at 0.5%, as it believes tariff related uncertainty remains, even as economy is recovering moderately and inflation is beginning to cool (2.7% in Aug'25 versus 3.1% in Jul'25).

- Barring Hang Seng and Shanghai Comp, other global stocks ended higher. US indices closed at a record high after Fed delivered a 25bps cut. 7 out of 11, sub-indices under S&P 500 gained. Sensex rose with gains in IT and banking stocks. However, it is trading lower today while Asian stocks are trading higher.

**Fig 1 – Stock markets**

|               | 17-09-2025 | 18-09-2025 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones     | 46,018     | 46,142     | 0.3       |
| S & P 500     | 6,600      | 6,632      | 0.5       |
| FTSE          | 9,208      | 9,228      | 0.2       |
| Nikkei        | 44,790     | 45,303     | 1.1       |
| Hang Seng     | 26,908     | 26,545     | (1.4)     |
| Shanghai Comp | 3,876      | 3,832      | (1.2)     |
| Sensex        | 82,694     | 83,014     | 0.4       |
| Nifty         | 25,330     | 25,424     | 0.4       |

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended lower. DXY strengthened as a cautionary approach was noted in the commentary by Fed Chair. JPY weakened amidst ongoing political uncertainty, subdued macro print (lower core machinery order). INR depreciated despite lower oil prices. However, it is trading weaker today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

|                       | 17-09-2025 | 18-09-2025 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1813     | 1.1788     | (0.2)     |
| GBP/USD (1 GBP / USD) | 1.3626     | 1.3555     | (0.5)     |
| USD/JPY (JPY / 1 USD) | 146.99     | 148.00     | (0.7)     |
| USD/INR (INR / 1 USD) | 87.81      | 88.13      | (0.4)     |
| USD/CNY (CNY / 1 USD) | 7.1042     | 7.1124     | (0.1)     |
| DXY Index             | 96.87      | 97.35      | 0.5       |

Source: Bloomberg, Bank of Baroda Research



- Barring Japan (flat), other global 10Y yields closed higher. US 10Y yield rose by 2bps, tracking better than expected US jobless claims data. In the UK, 10Y yields were up by 5bps as BoE Governor remarks reconfirmed that inflation remains uncomfortably high. India's 10Y yield rose by 4bps, following global cues amidst slightly hawkish Fed statement. It is trading flat today at 6.51%.

**Fig 3 – Bond 10Y yield**

|         | 17-09-2025 | 18-09-2025 | Change, bps |
|---------|------------|------------|-------------|
| US      | 4.09       | 4.10       | 2           |
| UK      | 4.63       | 4.68       | 5           |
| Germany | 2.68       | 2.73       | 5           |
| Japan   | 1.60       | 1.60       | 0           |
| China   | 1.77       | 1.78       | 1           |
| India   | 6.47       | 6.51       | 4           |

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

|                          | 17-09-2025 | 18-09-2025 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days            | 5.49       | 5.45       | (4)         |
| Tbill-182 days           | 5.59       | 5.57       | (2)         |
| Tbill-364 days           | 5.62       | 5.57       | (5)         |
| G-Sec 2Y                 | 5.79       | 5.80       | 1           |
| India OIS-2M             | 5.45       | 5.46       | 1           |
| India OIS-9M             | 5.43       | 5.44       | 1           |
| SONIA int rate benchmark | 3.97       | 3.97       | 0           |
| US SOFR                  | 4.39       | 4.38       | (1)         |

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

| Rs tn                             | 17-09-2025 | 18-09-2025 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 0.6        | 0.7        | 0.1            |
| Reverse Repo                      | 0          | 0          | 0              |
| Repo*                             | 0          | 0          | 0              |

Source: RBI, Bank of Baroda Research, \*Includes LTRO

**Fig 6 – Capital market flows**

|                      | 16-09-2025 | 17-09-2025 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn)        | 509.2      | (1.2)      | (510.4)                |
| Debt                 | 322.3      | 30.8       | (291.6)                |
| Equity               | 186.9      | (31.9)     | (218.8)                |
| Mutual funds (Rs cr) | (2,058.1)  | 1,122.0    | 3,180.1                |
| Debt                 | (4,275.0)  | (660.2)    | 3,614.8                |
| Equity               | 2,216.9    | 1,782.2    | (434.7)                |

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

- Oil prices continue to decline, as prospects of global demand remains weak.

**Fig 7 – Commodities**

|                         | 17-09-2025 | 18-09-2025 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl)  | 68.5       | 68.0       | (0.8)     |
| Gold (US\$/ Troy Ounce) | 3,690.0    | 3,659.9    | (0.8)     |
| Copper (US\$/ MT)       | 10,067.2   | 9,924.9    | (1.4)     |
| Zinc (US\$/MT)          | 3,033.3    | 2,967.9    | (2.2)     |
| Aluminium (US\$/MT)     | 2,717.0    | 2,683.0    | (1.3)     |

Source: Bloomberg, Bank of Baroda Research



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