

MORNING MOCHA

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Initial jobless claims in the US fell by 16k to 199k (est.: 220k) in the week ending 27 Dec 2025. The decline is attributed to seasonality (holidays and harsh winters). Analysts do not expect any major signs of strains in the labour market in CY26. In CY25, average claims were at 226k versus 223k in CY24. Domestically, RBI has released its report on Financial Stability of the banking system. The report highlights that GDP growth remains resilient on account of private consumption and public investment. Asset quality of banks has improved, and capital buffers also remain adequate. Slippage in retail loans is mostly on account of unsecured loans. In addition, RBI data also shows that net claims of non-residents on India declined by US\$ 38.4bn in Q2FY26 to US\$ 274.3bn, due to decline in foreign owned assets in India and increase in Indian resident's foreign financial assets.

- Global indices closed mixed. US indices ended the last day of the year lower with losses noted in technology and energy stocks. However, the US markets made stellar double digit gain for the year, ending higher for the 3rd year in a row. Sensex too edged up with a rally noted in oil & gas and metal stocks. It is trading higher today, in line with other Asian stocks.

Table 1 – Stock markets

	30-12-2025	31-12-2025	Change, %
Dow Jones	48,367	48,063	(0.6)
S & P 500	6,896	6,846	(0.7)
FTSE	9,941	9,931	(0.1)
Nikkei	50,527	50,339	(0.4)
Hang Seng	25,855	25,631	(0.9)
Shanghai Comp	3,965	3,969	0.1
Sensex	84,675	85,221	0.6
Nifty	25,939	26,130	0.7

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan was shut on 31.12.25

- Global currencies ended mixed. Dollar index strengthened even as investors tried to gauge the probability of rate cuts in CY26. GBP firmed up and is expected to remain stronger in CY26. INR depreciated by 0.1% amidst lower oil prices. However, it is trading weaker today; Asian currencies are trading mixed.

Table 2 – Currencies

	30-12-2025	31-12-2025	Change, %
EUR/USD (1 EUR / USD)	1.1748	1.1746	0
GBP/USD (1 GBP / USD)	1.3468	1.3475	0.1
USD/JPY (JPY / 1 USD)	156.41	156.71	(0.2)
USD/INR (INR / 1 USD)	89.79	89.88	(0.1)
USD/CNY (CNY / 1 USD)	6.9958	6.9880	0.1
DXY Index	98.24	98.32	0.1

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan was shut on 31.12.25



- Global G-Sec yields ended mixed. 10Y yields in Germany and China remained unchanged, while that of UK fell. Elsewhere it inched up. US 10Y yield rose the most by 5bps, as labour market data signals no signs of recession so far. India's 10Y yield rose by 1bps, as long-end demand remains a concern. It is trading further higher at 6.61% today.

Table 3 – Bond 10Y yield

	30-12-2025	31-12-2025	Change, bps
US	4.12	4.17	5
UK	4.50	4.48	(2)
Germany	2.86	2.86	0
Japan	2.05	2.07	1
China	1.86	1.86	0
India	6.58	6.59	1

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Japan was shut on 31.12.25

Table 4 – Short term rates

	30-12-2025	31-12-2025	Change, bps
Tbill-91 days	5.34	5.27	(7)
Tbill-182 days	5.42	5.37	(5)
Tbill-364 days	5.49	5.52	3
G-Sec 2Y	5.81	5.76	(5)
India OIS-2M	5.31	5.30	(1)
India OIS-9M	5.41	5.40	(1)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.77	3.71	(6)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	30-12-2025	31-12-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.1)	(0.2)	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	29-12-2025	30-12-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(371.2)	(336.3)	34.9
Debt	(80.3)	62.5	142.9
Equity	(290.8)	(398.8)	(108.0)
Mutual funds (Rs cr)	(879.0)	1,199.4	2,078.4
Debt	(1,603.0)	(297.4)	1,305.5
Equity	723.9	1,496.8	772.9

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 24 Dec and 26 Dec 2025

- Oil prices slipped further amidst weaker demand.

Table 7 – Commodities

	30-12-2025	31-12-2025	Change, %
Brent crude (US\$/bbl)	61.9	60.9	(1.7)
Gold (US\$/ Troy Ounce)	4,339.5	4,319.4	(0.5)
Copper (US\$/ MT)	12,598.4	12,453.4	(1.2)
Zinc (US\$/MT)	3,091.8	3,081.8	(0.3)
Aluminium (US\$/MT)	2,980.0	2,995.5	0.5

Source: Bloomberg, Bank of Baroda Research



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