

**MORNING MOCHA**

22 September 2025

ECONOMIST

Aditi Gupta

Global markets ended mixed as investors assessed commentaries from global central banks, particularly the Fed and BoJ. In the US, Fed's comments were perceived to be less dovish than market expectations, with the Fed Chair characterising the recent rate cut as "risk management". In Japan, an unexpected dissent by two board members has led markets to re-evaluate the future path of monetary policy. On macro front, retail sales in the UK quickened in Aug'25. On the other hand, government borrowing in Apr-Aug'25 exceeded official forecasts, raising some concerns over the government's fiscal health. At the same time, consumer confidence index dipped to -19 in Sep'25. In India, focus will be on progress in US-India trade talks as well as festive spending as the GST rate cuts kick in.

- Global indices closed mixed. US stocks showed some momentum amidst expectations of easier liquidity conditions. On the other hand, Asian stocks softened, with Nikkei falling the most, amid expectations of BoJ rate hike. Sensex fell by 0.5%, led by losses in banking and consumer durables stocks. It is however trading lower today, while other Asian stocks are trading higher.

**Fig 1 – Stock markets**

	18-09-2025	19-09-2025	Change, %
Dow Jones	46,142	46,315	0.4
S & P 500	6,632	6,664	0.5
FTSE	9,228	9,217	(0.1)
Nikkei	45,303	45,046	(0.6)
Hang Seng	26,545	26,545	0
Shanghai Comp	3,832	3,820	(0.3)
Sensex	83,014	82,626	(0.5)
Nifty	25,424	25,327	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended broadly lower against the dollar. DXY strengthened as Fed's guidance was less dovish than anticipated. Amongst major currencies, GBP declined the most by 0.6% on fiscal concerns. JPY and INR ended flat. INR is trading weaker today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	18-09-2025	19-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1788	1.1746	(0.4)
GBP/USD (1 GBP / USD)	1.3555	1.3472	(0.6)
USD/JPY (JPY / 1 USD)	148.00	147.95	0
USD/INR (INR / 1 USD)	88.13	88.10	0
USD/CNY (CNY / 1 USD)	7.1124	7.1182	(0.1)
DXY Index	97.35	97.64	0.3

Source: Bloomberg, Bank of Baroda Research



- Except India, global yields firmed up. UK's 10Y yield rose the most as public sector net borrowing stiffened in Aug'25. Japan's 10Y yield also inched up as expectations over future rate hike by BoJ increased. In the US, some risk on sentiment prevailed tracking weakness in jobless claims. For India, 10Y yield moderated awaiting VRR auction results. It is trading at 6.50% today.

**Fig 3 – Bond 10Y yield**

	18-09-2025	19-09-2025	Change, bps
US	4.10	4.13	2
UK	4.68	4.72	4
Germany	2.73	2.75	2
Japan	1.60	1.65	4
China	1.78	1.80	2
India	6.51	6.49	(3)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	18-09-2025	19-09-2025	Change, bps
Tbill-91 days	5.45	5.45	0
Tbill-182 days	5.57	5.56	(1)
Tbill-364 days	5.57	5.56	(1)
G-Sec 2Y	5.80	5.78	(3)
India OIS-2M	5.46	5.46	0
India OIS-9M	5.44	5.42	(2)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.38	4.14	(24)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	18-09-2025	19-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.7	0.5	(0.2)
Reverse Repo	0	0	0
Repo*	0	0	0

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

**Fig 6 – Capital market flows**

	17-09-2025	18-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1.2)	270.7	271.8
Debt	30.8	181.6	150.8
Equity	(31.9)	89.1	121.0
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 Sep and 16 Sep 2025

- Oil prices moderated as demand concerns weighed on sentiments.

**Fig 7 – Commodities**

	18-09-2025	19-09-2025	Change, %
Brent crude (US\$/bbl)	67.4	66.7	(1.1)
Gold (US\$/ Troy Ounce)	3,644.3	3,685.3	1.1
Copper (US\$/ MT)	9,868.9	9,924.1	0.6
Zinc (US\$/MT)	2,940.8	2,939.9	0
Aluminium (US\$/MT)	2,684.5	2,671.5	(0.5)

Source: Bloomberg, Bank of Baroda Research



## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

**Chief Economist**

Bank of Baroda

+91 22 6698 5143

chief.economist@bankofbaroda.com