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Global markets assessed mixed comments from Fed officials. Several Fed officials including the St. Louis Fed President who is a voting member of the MPC, batted for a cautious approach to monetary easing given the risks to the inflation outlook. On the other hand, Fed's Stephen Miran made the case for further lowering rates to an expected 2.75%-3% range by the end of the year. Against this backdrop, markets keenly await Fed Governor's comments. Separately, flash PMI in Australia signalled a significant moderation in both services as well as manufacturing activity in Sep'25. In India, core sector output expanded by 6.3% in Aug'25 compared with a decline of 1.5% in Aug'24. This was led by a pickup in output of steel and coal. In India, liquidity registered usual seasonal deficit which is likely to be transitory.

- Expect Hang Seng, other global indices edged up. Nikkei rose the most despite a hawkish nudge on future monetary policy. Hang Seng was weighed down by concerns over impact of Super Typhoon Ragasa. Sensex fell by 0.6%, led by technology stocks amidst growing fear over hike in H-1B visa fees by the US. It is trading higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	19-09-2025	22-09-2025	Change, %
Dow Jones	46,315	46,382	0.1
S & P 500	6,664	6,694	0.4
FTSE	9,217	9,227	0.1
Nikkei	45,046	45,494	1.0
Hang Seng	26,545	26,344	(0.8)
Shanghai Comp	3,820	3,829	0.2
Sensex	82,626	82,160	(0.6)
Nifty	25,327	25,202	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies gained against a weaker dollar. DXY dipped by 0.3% as investors assessed comments from Fed officials. Amongst major currencies, EUR strengthened the most by 0.5%. INR remained under pressure tracking new US policies. It is trading further weaker today, in line with other Asian currencies.

Fig 2 – Currencies

	19-09-2025	22-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1746	1.1803	0.5
GBP/USD (1 GBP / USD)	1.3472	1.3514	0.3
USD/JPY (JPY / 1 USD)	147.95	147.72	0.2
USD/INR (INR / 1 USD)	88.10	88.32	(0.2)
USD/CNY (CNY / 1 USD)	7.1182	7.1145	0.1
DXY Index	97.64	97.34	(0.3)

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields traded in narrow ranges. US 10Y yield inched up monitoring conflicting comments from Fed officials. While St. Louis Fed President hinted at limited room to cut rates; newly appointed Fed official (Stephen Miran) supported the case for aggressive cuts in policy rate. For India, 10Y yield closed stable. It is trading at 6.50% today.

Fig 3 – Bond 10Y yield

	19-09-2025	22-09-2025	Change, bps
US	4.13	4.15	2
UK	4.72	4.71	0
Germany	2.75	2.75	0
Japan	1.65	1.65	1
China	1.80	1.79	(1)
India	6.49	6.49	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	19-09-2025	22-09-2025	Change, bps
Tbill-91 days	5.45	5.49	4
Tbill-182 days	5.56	5.56	0
Tbill-364 days	5.56	5.57	1
G-Sec 2Y	5.78	5.75	(2)
India OIS-2M	5.46	5.46	0
India OIS-9M	5.42	5.42	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.14	4.14	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	19-09-2025	22-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.5	(0.3)	(0.8)
Reverse Repo	0	0	0
Repo*	0	0.6	0.6

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

Fig 6 – Capital market flows

	18-09-2025	19-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	270.7	333.2	62.5
Debt	181.6	205.4	23.8
Equity	89.1	127.8	38.7
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 Iraq exports picked pace.

Fig 7 – Commodities

	19-09-2025	22-09-2025	Change, %
Brent crude (US\$/bbl)	66.7	66.6	(0.2)
Gold (US\$/ Troy Ounce)	3,685.3	3,746.7	1.7
Copper (US\$/ MT)	9,924.1	9,900.1	(0.2)
Zinc (US\$/MT)	2,939.9	2,940.0	0
Aluminium (US\$/MT)	2,671.5	2,645.0	(1.0)

Source: Bloomberg, Bank of Baroda Research



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