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Global markets continued to trade sideways awaiting US PCE report. San Francisco Fed President supported the need for lowering rates further but added that some caution is warranted. Separately, US new home sales surged to an over 3-year high to 800,000 units, registering a steep increase of 20.5% in Aug'25. This has been attributed to lower mortgage rates. On the other hand, Ifo's business climate index for Germany dipped to 87.7 in Sep'25 from 88.9 in Aug'25, suggesting a softening economic momentum. In India, RBI's monthly bulletin attested to the strength of domestic economic activity as visible in continued momentum in high-frequency indicators. It also noted that despite tariff related uncertainty, growth prospects are likely to improve in H2 driven by GST reforms, front loaded rate cuts, higher agricultural output and income tax reforms.

- Global indices closed mixed. Stocks in the US moderated as Fed officials gave conflicting signals on future rate action. Among Asian stocks, Hang Seng showed upward correction. Shanghai Comp also inched up, led by optimism over AI spending. Sensex moderated by 0.5%, led by real estate stocks. It is trading further lower today, while Asian stocks are trading higher.

Table 1 – Stock markets

	23-09-2025	24-09-2025	Change, %
Dow Jones	46,293	46,121	(0.4)
S & P 500	6,657	6,638	(0.3)
FTSE	9,223	9,250	0.3
Nikkei	45,494	45,630	0.3
Hang Seng	26,159	26,519	1.4
Shanghai Comp	3,822	3,854	0.8
Sensex	82,102	81,716	(0.5)
Nifty	25,170	25,057	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies weakened. DXY rose by 0.6% ahead of release of PCE data. EUR depreciated by 0.7% amidst a decline in Germany's business climate index (Ifo). INR recovered from a record low. It is trading further stronger today, in line with other Asian currencies.

Table 2 – Currencies

	23-09-2025	24-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1815	1.1738	(0.7)
GBP/USD (1 GBP / USD)	1.3526	1.3447	(0.6)
USD/JPY (JPY / 1 USD)	147.64	148.90	(0.8)
USD/INR (INR / 1 USD)	88.76	88.70	0.1
USD/CNY (CNY / 1 USD)	7.1132	7.1319	(0.3)
DXY Index	97.26	97.87	0.6

Source: Bloomberg, Bank of Baroda Research



- US 10Y yield rose as new home sales data unexpectedly picked pace. 10Y yield in UK, Germany and Japan remained range bound. In China, 10Y yield rose to its highest since past 6-months tracking comments of PBOC's Deputy Governor on attractiveness of Chinese bonds. India's 10Y yield inched up slightly and is trading at the same level today.

Table 3 – Bond 10Y yield

	23-09-2025	24-09-2025	Change, bps
US	4.11	4.15	4
UK	4.68	4.67	(1)
Germany	2.75	2.75	0
Japan	1.65	1.65	(1)
China	1.80	1.91	10
India	6.47	6.49	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	23-09-2025	24-09-2025	Change, bps
Tbill-91 days	5.47	5.46	(1)
Tbill-182 days	5.55	5.57	2
Tbill-364 days	5.56	5.59	3
G-Sec 2Y	5.75	5.75	0
India OIS-2M	5.45	5.45	0
India OIS-9M	5.43	5.43	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.14	4.12	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	23-09-2025	24-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.8)	(0.3)	0.5

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

Table 6 – Capital market flows

	22-09-2025	23-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(227.9)	(239.8)	(12.0)
Debt	(4.2)	75.0	79.2
Equity	(223.7)	(314.9)	(91.2)
Mutual funds (Rs cr)	(1,286.8)	638.0	1,924.8
Debt	(1,900.7)	(1,819.2)	81.5
Equity	613.9	2,457.2	1,843.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 19 Sep and 22 Sep 2025

- Oil prices rose amidst a drop in US inventories signalling buoyant demand.

Table 7 – Commodities

	23-09-2025	24-09-2025	Change, %
Brent crude (US\$/bbl)	67.6	69.3	2.5
Gold (US\$/ Troy Ounce)	3,764.0	3,736.2	(0.7)
Copper (US\$/ MT)	9,901.4	10,305.1	4.1
Zinc (US\$/MT)	2,931.7	2,997.6	2.3
Aluminium (US\$/MT)	2,638.0	2,651.5	0.5

Source: Bloomberg, Bank of Baroda Research



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