

**MORNING MOCHA**

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US President announced fresh tariffs on branded pharmaceuticals (100%), heavy trucks (25%) and certain household furniture items (30-50%). The tariffs which are set to take effect from 1 Oct 2025, are likely to unveil a fresh wave of uncertainty in the global financial markets after a brief period of consolidation. Separately, US GDP for Q2 2025 was revised up to 3.8% from 3.3% earlier, denting some expectations of further rate cuts. Other macro data showed that new orders for non-defense capital goods increased by 0.6% in Aug'25 (0.8% in Jul'25), jobless claims dipped by 14,000 and trade deficit narrowed by 16.8% in Aug'25. In Germany, GfK's consumer sentiment index is expected to improve to -22.3 in Oct'25 from -23.5 in Sep'25, lead by an increase in income expectations. In Japan, core inflation in Tokyo remained firmly above the BoJ's target at 2.5% in Sep'25 (unchanged from Aug'25).

- Barring Japan and China, other global indices closed lower. US stock fell as investors pared rate cut expectations on the back of better-than-expected macro data. Sensex fell amidst profit booking, led by decline in power and consumer durable stocks. It is trading lower today, in line with other Asian indices.

**Table 1 – Stock markets**

	24-09-2025	25-09-2025	Change, %
Dow Jones	46,121	45,947	(0.4)
S & P 500	6,638	6,605	(0.5)
FTSE	9,250	9,214	(0.4)
Nikkei	45,630	45,755	0.3
Hang Seng	26,519	26,485	(0.1)
Shanghai Comp	3,854	3,853	(0.0)
Sensex	81,716	81,160	(0.7)
Nifty	25,057	24,891	(0.7)

Source: Bloomberg, Bank of Baroda Research

- DXY strengthened by 0.7% on economic optimism as US GDP was revised up. Barring INR and CNY, other currencies weakened. EUR depreciated even as GfK's consumer sentiment index for Germany picked up. INR is trading weaker today, in line with other Asian currencies.

**Table 2 – Currencies**

	24-09-2025	25-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1738	1.1666	(0.6)
GBP/USD (1 GBP / USD)	1.3447	1.3345	(0.8)
USD/JPY (JPY / 1 USD)	148.90	149.80	(0.6)
USD/INR (INR / 1 USD)	88.70	88.67	0
USD/CNY (CNY / 1 USD)	7.1319	7.1339	0
DXY Index	97.87	98.55	0.7

Source: Bloomberg, Bank of Baroda Research



- Apart from China, other global yields closed higher. US 10Y yield gained by 2bps as US economy rose at a much faster pace than anticipated, with the focus shifting towards PCE data. UK's 10Y yield surged with the UK expected to be the second strongest economy in G7 (OECD). India's 10Y yield inched up marginally and is trading at the same level today.

**Table 3 – Bond 10Y yield**

	24-09-2025	25-09-2025	Change, bps
US	4.15	4.17	2
UK	4.67	4.76	9
Germany	2.75	2.77	2
Japan	1.65	1.65	0
China	1.91	1.89	(1)
India	6.49	6.50	1

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	24-09-2025	25-09-2025	Change, bps
Tbill-91 days	5.46	5.45	(1)
Tbill-182 days	5.57	5.55	(2)
Tbill-364 days	5.59	5.57	(2)
G-Sec 2Y	5.75	5.75	0
India OIS-2M	5.45	5.44	(1)
India OIS-9M	5.43	5.43	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.12	4.13	1

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	24-09-2025	25-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.3)	(0.1)	0.2

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

**Table 6 – Capital market flows**

	23-09-2025	24-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(239.8)	(362.5)	(122.6)
Debt	75.0	(152.0)	(227.1)
Equity	(314.9)	(210.4)	104.4
Mutual funds (Rs cr)	638.0	970.4	332.5
Debt	(1,819.2)	(1,153.4)	665.8
Equity	2,457.2	2,123.8	(333.3)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 22 Sep and 23 Sep 2025

- Oil prices rose as Russia announced cuts to its diesel and gasoline exports.

**Table 7 – Commodities**

	24-09-2025	25-09-2025	Change, %
Brent crude (US\$/bbl)	69.3	69.4	0.2
Gold (US\$/ Troy Ounce)	3,736.2	3,749.4	0.4
Copper (US\$/ MT)	10,305.1	10,228.0	(0.7)
Zinc (US\$/MT)	2,997.6	2,980.4	(0.6)
Aluminium (US\$/MT)	2,651.5	2,658.5	0.3

Source: Bloomberg, Bank of Baroda Research



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