

**MORNING MOCHA**

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ECONOMIST

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In India, the Centre announced that it will borrow Rs 6.77 lakh crore in H2FY26, as part of its borrowing calendar. The share of borrowing includes Rs 10,000cr from sovereign green bonds along with securities of different tenure. Securities with maturities at 10Y (28.4%), 15Y (14.2%) and 5Y (13.3%) had the highest share in the total borrowing for H2. In H1FY26, the government borrowed Rs 7.36 lakh crore which is 52% of total borrowing target for the year. Separately, India's flash composite PMI dropped marginally to 61.9 in Sep'25 from 63.2 in Aug'25, as the pace of increase in new orders moderated in both manufacturing and services sector. In the US, PCE inched up to 2.7% (from 2.6% in Jul'25) and core PCE rose at a similar pace at 2.9%, matching Jul'25 increase. Investors will track RBI's policy and IIP data in India and RBA's announcement this week.

- Global indices closed mixed. US stocks rose as investors monitored inflation data which came in line with expectation. Hang Seng dropped the most with deep losses in tech stocks and amidst tariff uncertainty. Sensex closed lower, led by decline in consumer durable stocks. However, it is trading higher today, in line with other Asian indices.

**Table 1 – Stock markets**

	25-09-2025	26-09-2025	Change, %
Dow Jones	45,947	46,247	0.7
S & P 500	6,605	6,644	0.6
FTSE	9,214	9,285	0.8
Nikkei	45,755	45,355	(0.9)
Hang Seng	26,485	26,128	(1.3)
Shanghai Comp	3,853	3,828	(0.7)
Sensex	81,160	80,426	(0.9)
Nifty	24,891	24,655	(0.9)

Source: Bloomberg, Bank of Baroda Research

- Barring INR and CNY, other global currencies strengthened. DXY fell by 0.4% as analysts continue to expect 2 more rate cuts by Fed this year, despite steady labour market and sticky core inflation. GBP and EUR gained the most. INR traded flat; however, it is trading stronger today, in line with Asian currencies.

**Table 2 – Currencies**

	25-09-2025	26-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1666	1.1703	0.3
GBP/USD (1 GBP / USD)	1.3345	1.3402	0.4
USD/JPY (JPY / 1 USD)	149.80	149.49	0.2
USD/INR (INR / 1 USD)	88.67	88.72	0
USD/CNY (CNY / 1 USD)	7.1339	7.1345	0
DXY Index	98.55	98.15	(0.4)

Source: Bloomberg, Bank of Baroda Research



- Except US, India (higher) and Japan (flat), 10Y yields fell elsewhere. In the US, yields tracked core PCE data and lower than estimated jobless claims, pointing towards resilient labour market. Germany's bund yield fell even as ECB survey showed pick up in 1Y inflation expectations. India's 10Y yield rose the most by 3bps, following rise in oil prices. It is trading stable at 6.52% today.

**Table 3 – Bond 10Y yield**

	25-09-2025	26-09-2025	Change, bps
US	4.17	4.18	1
UK	4.76	4.75	(1)
Germany	2.77	2.75	(3)
Japan	1.65	1.65	0
China	1.89	1.89	(1)
India	6.50	6.52	3

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	25-09-2025	26-09-2025	Change, bps
Tbill-91 days	5.45	5.44	(1)
Tbill-182 days	5.55	5.53	(2)
Tbill-364 days	5.57	5.61	4
G-Sec 2Y	5.75	5.74	(1)
India OIS-2M	5.44	5.44	0
India OIS-9M	5.43	5.43	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.13	4.18	5

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	25-09-2025	26-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.1	0.5	0.4

Source: RBI, Bank of Baroda Research,

**Table 6 – Capital market flows**

	24-09-2025	25-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(362.5)	(511.4)	(148.9)
Debt	(152.0)	(48.9)	103.1
Equity	(210.4)	(462.5)	(252.0)
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 amidst rising tensions between US and Iran.

**Table 7 – Commodities**

	25-09-2025	26-09-2025	Change, %
Brent crude (US\$/bbl)	69.4	70.1	1.0
Gold (US\$/ Troy Ounce)	3,749.4	3,760.0	0.3
Copper (US\$/ MT)	10,228.0	10,142.6	(0.8)
Zinc (US\$/MT)	2,980.4	2,928.3	(1.7)
Aluminium (US\$/MT)	2,658.5	2,655.5	(0.1)

Source: Bloomberg, Bank of Baroda Research



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