

MORNING MOCHA

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ECONOMIST

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In India, GST collections surged by 6.5% compared with last year to Rs 1.86 lakh cr in Aug'25. This comes ahead of the crucial GST council meet wherein key decisions would be taken on the GST reforms as proposed by the Centre. Separately, India's current account deficit narrowed down to US\$ 2.4bn (0.2% of GDP) in Q1FY26 compared with US\$ 8.6bn in Q1FY25. The decline was led by higher services trade surplus (US\$ 4739 bn from US\$ 39.7 bn). India's manufacturing PMI for Aug'25 rose to 17-year high to 59.3 from 59.1 in Jul'25. This was driven by rapid growth in new orders, supported by strong demand. Investors this week will focus towards the US jobs report which might offer some guidance on economy's health. Analysts are expecting jobs gains of over 75k, while unemployment rate is expected to inch up to 4.3%.

- Barring Nikkei, other global markets closed higher. Hang Seng advanced to 2-week high followed by gains in domestic market. Sensex rebounded with strong gains in auto and consumer durable stocks. It is trading higher today, while other Asian stocks are trading mixed.

Fig 1 – Stock markets

	29-08-2025	01-09-2025	Change, %
Dow Jones	45,637	45,545	(0.2)
S & P 500	6,502	6,460	(0.6)
FTSE	9,187	9,196	0.1
Nikkei	42,718	42,189	(1.2)
Hang Seng	25,078	25,617	2.2
Shanghai Comp	3,858	3,876	0.5
Sensex	79,810	80,364	0.7
Nifty	24,427	24,625	0.8

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 01 Sep 2025

- Amidst thin trading (US markets closed), global currencies ended mixed. GBP and EUR gained the most, supported by rise in treasury yields INR ended at unchanged levels, near its lifetime low, even as oil price remain stable. It is trading higher today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	29-08-2025	01-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1686	1.1711	0.2
GBP/USD (1 GBP / USD)	1.3504	1.3545	0.3
USD/JPY (JPY / 1 USD)	147.05	147.18	(0.1)
USD/INR (INR / 1 USD)	88.21	88.20	0
USD/CNY (CNY / 1 USD)	7.1308	7.1377	(0.1)
DX Index	97.77	97.77	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 01 Sep 2025



- Except China, other global yields ended higher. Japan's 10Y yield was up by 3bps, tracking remarks of Deputy Governor of BoJ indicating possibility of a rate hike if price rise is sustained. German yields were up, supported by improving manufacturing activity. India's 10Y yield rose by 2bps, tracking global cues. However, it is trading lower today at 6.57% today, as oil prices remain stable.

Fig 3 – Bond 10Y yield

	29-08-2025	01-09-2025	Change, bps
US	4.20	4.23	3
UK	4.72	4.75	3
Germany	2.72	2.75	2
Japan	1.60	1.63	3
China	1.79	1.78	(1)
India	6.57	6.59	2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 01 Sep 2025

Fig 4 – Short term rates

	29-08-2025	01-09-2025	Change, bps
Tbill-91 days	5.48	5.48	0
Tbill-182 days	5.58	5.57	(1)
Tbill-364 days	5.59	5.62	3
G-Sec 2Y	5.83	5.85	2
India OIS-2M	5.52	5.53	1
India OIS-9M	5.49	5.51	2
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.36	4.34	(2)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 01 Sep 2025

Fig 5 – Liquidity

Rs tn	29-08-2025	01-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.4	2.9	0.5
Reverse Repo	0.8	1.4	0.6
Repo*	0	0	0

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

Fig 6 – Capital market flows

	28-08-2025	29-08-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(599.7)	(811.4)	(211.7)
Debt	94.8	211.1	116.3
Equity	(694.6)	(1,022.5)	(328.0)
Mutual funds (Rs cr)	(7,429.7)	213.4	7,643.1
Debt	(8,110.3)	(27.2)	8,083.1
Equity	680.6	240.6	(440.1)

Source: Bloomberg, Bank of Baroda Research

- Oil prices were stable, noting near-term demand-supply dynamics.

Fig 7 – Commodities

	29-08-2025	01-09-2025	Change, %
Brent crude (US\$/bbl)	68.1	68.2	0
Gold (US\$/ Troy Ounce)	3,448.0	3,476.1	0.8
Copper (US\$/ MT)	9,821.7	9,797.7	(0.2)
Zinc (US\$/MT)	2,825.1	2,847.5	0.8
Aluminium (US\$/MT)	2,615.5	2,611.0	(0.2)

Source: Bloomberg, Bank of Baroda Research



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