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ECONOMIST
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Debate surrounding the direction of US monetary policy intensified as several Fed officials discussed the need for future rate cuts. On the other hand, Fed's Christopher Waller supported further reduction in policy rates citing the weakness in labour market. As per the CME FedWatch Tool, the probability of a rate cut in Dec'25 has declined to 63%, compared with 92% last week. In Japan, core CPI for Tokyo rose by 2.8% in Oct'25 (est. 2.6%). At the same time, industrial production and retail sales accelerated, while jobless rate was steady. Separately in India, fiscal deficit stood at 36.5% in BE in H1FY26 (29.4% in H1FY25) as government capex spending picked up. Separate data also showed that GST collections continued to increase at a steady pace in Oct'25, despite rate rationalisation.

- Nikkei rose the most despite a sticky inflation data which hinted at tightening of policy by BoJ. Other Asian indices such as Hang Seng and Shanghai Comp lost momentum, as China announced scrapping of a long-standing gold tax incentive. Sensex slipped, led by metal and power stocks. It is trading further weaker today, while other Asian stocks are trading mixed.

Table 1 – Stock markets

	30-10-2025	31-10-2025	Change, %
Dow Jones	47,522	47,563	0.1
S & P 500	6,822	6,840	0.3
FTSE	9,760	9,717	(0.4)
Nikkei	51,326	52,411	2.1
Hang Seng	26,283	25,907	(1.4)
Shanghai Comp	3,987	3,955	(0.8)
Sensex	84,404	83,939	(0.6)
Nifty	25,878	25,722	(0.6)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY rallied for the 3rd straight session as investors scaled back expectations of a Dec'25 rate cut. JPY found support from comments by the Japanese FM on currency movement. INR depreciated further. It is trading further weaker today, in line with other Asian currencies.

Table 2 – Currencies

	30-10-2025	31-10-2025	Change, %
EUR/USD (1 EUR / USD)	1.1565	1.1537	(0.2)
GBP/USD (1 GBP / USD)	1.3151	1.3152	0
USD/JPY (JPY / 1 USD)	154.13	153.99	0.1
USD/INR (INR / 1 USD)	88.70	88.77	(0.1)
USD/CNY (CNY / 1 USD)	7.1104	7.1194	(0.1)
DXY Index	99.53	99.80	0.3

Source: Bloomberg, Bank of Baroda Research

- Except Japan, global 10Y yields moderated. US and UK's 10Y yield softened by 2bps each. Major trading centred around faster pace of frontloading of rates by the Fed, and whether the pace is likely to continue in the near term. Japan's 10Y yield inched up a tad tracking higher inflation. India's 10Y yield fell by 4bps as RBI rejected bids for 7Y G-sec (6.28GS2032). It is trading at 6.54% today.

Table 3 – Bond 10Y yield

	30-10-2025	31-10-2025	Change, bps
US	4.10	4.08	(2)
UK	4.42	4.41	(2)
Germany	2.64	2.63	(1)
Japan	1.66	1.67	1
China	1.81	1.80	(1)
India	6.57	6.53	(4)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	30-10-2025	31-10-2025	Change, bps
Tbill-91 days	5.45	5.44	(1)
Tbill-182 days	5.57	5.58	1
Tbill-364 days	5.57	5.58	1
G-Sec 2Y	5.85	5.80	(4)
India OIS-2M	5.50	5.49	(1)
India OIS-9M	5.47	5.46	(1)
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.27	4.04	(23)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	30-10-2025	31-10-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.1	1.2	1.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	29-10-2025	30-10-2025	change (US$ mn/Rs cr)
FII (US$ mn)	117.9	(150.7)	(268.5)
Debt	206.3	137.4	(68.8)
Equity	(88.4)	(288.1)	(199.7)
Mutual funds (Rs cr)	(436.2)	2,332.2	2,768.4
Debt	108.8	352.1	243.3
Equity	(545.1)	1,980.1	2,525.2

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 24 Oct and 27 Oct 2025

- Oil prices rose marginally despite concerns of oversupply and muted demand.

Table 7 – Commodities

	30-10-2025	31-10-2025	Change, %
Brent crude (US$/bbl)	65.0	65.1	0.1
Gold (US$/ Troy Ounce)	4,024.5	4,002.9	(0.5)
Copper (US$/ MT)	10,895.6	10,873.1	(0.2)
Zinc (US$/MT)	3,133.5	3,141.1	0.2
Aluminium (US$/MT)	2,863.5	2,884.0	0.7

Source: Bloomberg, Bank of Baroda Research

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