

MORNING MOCHA

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ECONOMIST

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In the US, ISM manufacturing PMI remained in the contraction zone for the 8th straight month down to 48.7 in Oct'25 from 49.1 in Sep'25. This was on the back of the subdued demand for new orders at 49.4 while production slipped down to 48.2 amidst overhang of tariff news. In Eurozone, factory orders stagnated with the PMI reading of 50 for Oct'25 from 49.8 in Sep'25, in line with expectation. The exports orders took a back seat as they declined for 4th consecutive month, with poor demand for new orders. The sector remained weak in France, while it remained steady in Italy. In Japan, the manufacturing activity dropped at its fastest pace down to 48.2 in Oct'25 (from 48.5 in Sep'25) led by demand weakness in automotive and semiconductor sectors. Separately, investors will look for cues on rates ahead of the US private payroll. The likelihood of rate cut in Dec'25 is lower than initially priced.

- Barring FTSE and Dow Jones, other global indices closed higher. US indices closed mixed. S&P edged up with gains in tech stocks. Amongst other indices, Hang Seng advanced the most. Sensex closed steady with gains in real estate stocks. However, it is trading weaker today; Asian stocks are trading mixed.

Table 1 – Stock markets

	31-10-2025	03-11-2025	Change, %
Dow Jones	47,563	47,337	(0.5)
S & P 500	6,840	6,852	0.2
FTSE	9,717	9,701	(0.2)
Nikkei	51,326	52,411	2.1
Hang Seng	25,907	26,158	1.0
Shanghai Comp	3,955	3,977	0.5
Sensex	83,939	83,978	0.0
Nifty	25,722	25,763	0.2

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Japan were shut on 3.11.2025

- DXY rally continued as investors pared back expectations of a Dec'25 rate cut. This is on the wake of a divided response of Fed officials on trajectory of policy rate. EUR, GBP and JPY depreciated. INR softened led by FII outflows. It is trading higher today, while Asian currencies are trading weaker.

Table 2 – Currencies

	31-10-2025	03-11-2025	Change, %
EUR/USD (1 EUR / USD)	1.1537	1.1520	(0.1)
GBP/USD (1 GBP / USD)	1.3152	1.3140	(0.1)
USD/JPY (JPY / 1 USD)	153.99	154.22	(0.1)
USD/INR (INR / 1 USD)	88.77	88.78	0
USD/CNY (CNY / 1 USD)	7.1194	7.1213	0
DXY Index	99.80	99.87	0.1

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields inched up. US, UK and Germany's 10Y yield rose at the similar pace as risk on sentiments gathered momentum. China's 10Y yield closed stable tracking commentary of the ambassador to the US. India's 10Y field also traded flat and is currently at 6.52% today.

Table 3 – Bond 10Y yield

	31-10-2025	03-11-2025	Change, bps
US	4.08	4.11	3
UK	4.41	4.44	3
Germany	2.63	2.67	3
Japan	1.66	1.67	1
China	1.80	1.79	0
India	6.53	6.53	0

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Japan were shut on 3.11.2025

Table 4 – Short term rates

	31-10-2025	03-11-2025	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	5.49	5.48	(1)
India OIS-9M	5.46	5.46	0
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.04	4.22	18

Source: Bloomberg, Bank of Baroda Research| Note: India's T-bill markets were shut on 3.11.2025

Table 5 – Liquidity

Rs tn	31-10-2025	03-11-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.2	1.8	0.6

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	30-10-2025	31-10-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	(150.7)	(827.2)	(676.5)
Debt	137.4	27.9	(109.5)
Equity	(288.1)	(855.1)	(567.0)
Mutual funds (Rs cr)	2,332.2	(233.7)	(2,565.9)
Debt	352.1	(1,448.1)	(1,800.2)
Equity	1,980.1	1,214.4	(765.7)

Source: Bloomberg, Bank of Baroda Research

- Oil prices softened albeit reports suggesting halt of output increase by OPEC+.

Table 7 – Commodities

	31-10-2025	03-11-2025	Change, %
Brent crude (US\$/bbl)	65.1	64.9	(0.3)
Gold (US\$/ Troy Ounce)	4,002.9	4,001.4	(0.0)
Copper (US\$/ MT)	10,873.1	10,829.3	(0.4)
Zinc (US\$/MT)	3,141.1	3,230.7	2.9
Aluminium (US\$/MT)	2,884.0	2,902.0	0.6

Source: Bloomberg, Bank of Baroda Research



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