

**MORNING MOCHA**

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Aditi Gupta

Fed Chair reiterated the need to exercise caution, even as he acknowledged the slowdown in labour market and “somewhat elevated” inflation. While the Fed Chair voted for a more balanced and data dependent approach, other Fed officials offered a much stronger opinion. Chicago Fed President stressed on the need to exercise caution on further rate cuts. In contrast, Fed’s Michelle Bowman suggested lowering rates to prevent the further weakness in labour market. Investors expect the Fed to cut rates by 25bps in the next two meeting. In terms of macro data, flash PMIs of major economies suggested moderation in economic activity in the UK, US and Japan. However, flash PMI in the Eurozone rose to a 16-month high, led services. In India, flash PMI continued to signal a healthy pace of expansion in economic activity, with the fall in export orders being offset by increase in domestic orders.

- Except Japan, global indices moderated. Stocks in the US inched down tracking mixed comments from Fed officials and soft PMI data. Hang Seng fell the most as investors assessed the impact of Super Typhoon Ragasa. Sensex fell a tad by 0.1%, led by FMCG and consumer durable stocks. It is trading further lower today, in line with other Asian stocks.

**Table 1 – Stock markets**

	22-09-2025	23-09-2025	Change, %
Dow Jones	46,382	46,293	(0.2)
S & P 500	6,694	6,657	(0.6)
FTSE	9,227	9,223	0
Nikkei	45,046	45,494	1.0
Hang Seng	26,344	26,159	(0.7)
Shanghai Comp	3,829	3,822	(0.2)
Sensex	82,160	82,102	(0.1)
Nifty	25,202	25,170	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies gained against the dollar. Weakness in DXY persisted despite cautious comments from the Fed Chair. INR depreciated by 0.5% to a record low as US visa policies dented investor sentiments. It is trading marginally stronger today, while other Asian currencies are trading mixed.

**Table 2 – Currencies**

	22-09-2025	23-09-2025	Change, %
EUR/USD (1 EUR / USD)	1.1803	1.1815	0.1
GBP/USD (1 GBP / USD)	1.3514	1.3526	0.1
USD/JPY (JPY / 1 USD)	147.72	147.64	0.1
USD/INR (INR / 1 USD)	88.32	88.76	(0.5)
USD/CNY (CNY / 1 USD)	7.1145	7.1132	0
DXY Index	97.34	97.26	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields closed mixed. US 10Y yield softened as flash PMI came in lower than anticipated, signalling weakness in activity. UK's 10Y yield also moderated tracking CBI trends data, showing loss of momentum of demand conditions. India's 10Y yield softened monitoring RBI's liquidity management operations. It is trading at 6.46% today.

**Table 3 – Bond 10Y yield**

	22-09-2025	23-09-2025	Change, bps
US	4.15	4.11	(4)
UK	4.71	4.68	(3)
Germany	2.75	2.75	0
Japan	1.65	1.65	0
China	1.79	1.80	1
India	6.49	6.47	(2)

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	22-09-2025	23-09-2025	Change, bps
Tbill-91 days	5.49	5.47	(2)
Tbill-182 days	5.56	5.55	(1)
Tbill-364 days	5.57	5.56	(1)
G-Sec 2Y	5.75	5.75	0
India OIS-2M	5.46	5.45	(1)
India OIS-9M	5.42	5.43	1
SONIA int rate benchmark	3.97	3.97	0
US SOFR	4.14	4.14	0

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	22-09-2025	23-09-2025	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.3)	(0.8)	(0.5)

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

**Table 6 – Capital market flows**

	19-09-2025	22-09-2025	change (US\$ mn/Rs cr)
FII (US\$ mn)	333.2	(227.9)	(561.0)
Debt	205.4	(4.2)	(209.6)
Equity	127.8	(223.7)	(351.5)
Mutual funds (Rs cr)	(2,058.1)	1,122.0	3,180.1
Debt	(4,275.0)	(660.2)	3,614.8
Equity	2,216.9	1,782.2	(434.7)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 15 Sep and 16 Sep 2025

- Oil prices inched up tracking US President's comments on Russia.

**Table 7 – Commodities**

	22-09-2025	23-09-2025	Change, %
Brent crude (US\$/bbl)	66.6	67.6	1.6
Gold (US\$/ Troy Ounce)	3,746.7	3,764.0	0.5
Copper (US\$/ MT)	9,900.1	9,901.4	0
Zinc (US\$/MT)	2,940.0	2,931.7	(0.3)
Aluminium (US\$/MT)	2,645.0	2,638.0	(0.3)

Source: Bloomberg, Bank of Baroda Research



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**Chief Economist**

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)