

## MORNING MOCHA

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ECONOMIST

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Among major data releases has been the US retail sales which stagnated in Dec'25. Core retail sales also declined by 0.1%. This led to softening of US 10Y yield by 6bps, hinting that consumer demand is still on the weaker side. Elsewhere, in China, as well, demand conditions showed stress with CPI rising at a modest pace by 0.2% (YoY) in Jan'26 compared to 0.8% in Dec'25. A part of this can be attributed to seasonal factor due to the shift of the Spring Festival holiday, falling in Jan last year to Feb this year. On domestic front, US-India trade deal is supporting market sentiments with buoyancy in FPI flows and INR gaining ground. India's 10Y yield got support from favourable system liquidity conditions and pickup in Debt-FAR segment. In Jan & Feb'26 (till date) net debt FAR inflows amounted to US\$ 1.9bn.

- Global indices ended mixed. In the US, investors monitored a weak retail sales reading. In Japan, stocks advanced by 2.3% to a record-high tracking a landslide win for Prime Minister Takichi. Sensex advanced for the third straight session, with strong gains noted in auto and metal stocks. It is trading further higher today, in line with other Asian indices.

**Table 1 – Stock markets**

|               | 09-02-2026 | 10-02-2026 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones     | 50,136     | 50,188     | 0.1       |
| S & P 500     | 6,965      | 6,942      | (0.3)     |
| FTSE          | 10,386     | 10,354     | (0.3)     |
| Nikkei        | 56,364     | 57,651     | 2.3       |
| Hang Seng     | 27,027     | 27,183     | 0.6       |
| Shanghai Comp | 4,123      | 4,128      | 0.1       |
| Sensex        | 84,066     | 84,274     | 0.2       |
| Nifty         | 25,867     | 25,935     | 0.3       |

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY ended marginally weaker tracking a deceleration in US retail sales. JPY appreciated the most by 1% amidst expectations of higher fiscal stimulus. INR appreciated by 0.2% tracking positive global cues. It is trading further stronger today, while other Asian currencies are trading mixed.

**Table 2 – Currencies**

|                       | 09-02-2026 | 10-02-2026 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1914     | 1.1895     | (0.2)     |
| GBP/USD (1 GBP / USD) | 1.3693     | 1.3643     | (0.4)     |
| USD/JPY (JPY / 1 USD) | 155.88     | 154.39     | 1.0       |
| USD/INR (INR / 1 USD) | 90.77      | 90.58      | 0.2       |
| USD/CNY (CNY / 1 USD) | 6.9209     | 6.9127     | 0.1       |
| DXY Index             | 96.82      | 96.80      | 0         |

Source: Bloomberg, Bank of Baroda Research



- Barring China (stable), global 10Y yields softened. US 10Y yield fell the most followed by Japan. For US, moderation in retail sales data largely capped its yield. For Japan, yield moderated albeit expectation of higher fiscal stimulus. India's 10Y yield got support from favourable liquidity conditions and higher FPI flows in the debt segment. It is trading lower at 6.72% today.

**Table 3 – Bond 10Y yield**

|         | 09-02-2026 | 10-02-2026 | Change, bps |
|---------|------------|------------|-------------|
| US      | 4.20       | 4.14       | (6)         |
| UK      | 4.53       | 4.51       | (2)         |
| Germany | 2.84       | 2.81       | (3)         |
| Japan   | 2.29       | 2.24       | (5)         |
| China   | 1.81       | 1.81       | 0           |
| India   | 6.76       | 6.73       | (3)         |

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

|                          | 09-02-2026 | 10-02-2026 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days            | 5.30       | 5.28       | (2)         |
| Tbill-182 days           | 5.53       | 5.41       | (12)        |
| Tbill-364 days           | 5.64       | 5.62       | (2)         |
| G-Sec 2Y                 | 5.72       | 5.77       | 5           |
| India OIS-2M             | 5.30       | 5.31       | 1           |
| India OIS-9M             | 5.43       | 5.44       | 1           |
| SONIA int rate benchmark | 3.73       | 3.73       | 0           |
| US SOFR                  | 3.64       | 3.63       | (1)         |

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

| Rs tn                             | 09-02-2026 | 10-02-2026 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 3.1        | 3.4        | 0.3            |

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

|                      | 06-02-2026 | 09-02-2026 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn)        | 362.6      | 506.4      | 143.8                  |
| Debt                 | (25.8)     | 97.4       | 123.2                  |
| Equity               | 388.4      | 409.0      | 20.6                   |
| Mutual funds (Rs cr) | (12,192.4) | (11,093.7) | 1,098.7                |
| Debt                 | (11,479.8) | (8,858.0)  | 2,621.8                |
| Equity               | (712.6)    | (2,235.6)  | (1,523.1)              |

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 5<sup>th</sup> & 6<sup>th</sup> Feb 2026

- Oil prices eased marginally tracking developments in US-Iran peace talks.

**Table 7 – Commodities**

|                         | 09-02-2026 | 10-02-2026 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl)  | 69.0       | 68.8       | (0.3)     |
| Gold (US\$/ Troy Ounce) | 5,057.8    | 5,025.5    | (0.6)     |
| Copper (US\$/ MT)       | 13,099.1   | 13,031.9   | (0.5)     |
| Zinc (US\$/MT)          | 3,351.8    | 3,375.5    | 0.7       |
| Aluminium (US\$/MT)     | 3,125.5    | 3,093.0    | (1.0)     |

Source: Bloomberg, Bank of Baroda Research



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