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ECONOMIST
Dipanwita Mazumdar

In latest development, progress towards peace talks between US and Iran remained inconclusive. This is following the attempt made last week to maintain ceasefire. News reports suggested that the main bone of contention from Iran was surrounding the idea of dismantling its nuclear facility. Oil prices are trade higher by 4.1% in today's session, at ~ 105/bbl. DXY has also risen by 0.2%. Asian stocks were balanced in today's session as investors remained optimistic on AI-related developments. On macro front, indicators in the US remained mixed. Consumer credit picked up, non-farm payroll softened compared to last month. Average hourly earnings remained sticky. In China, PPI data grew at the fastest pace in the past 4-years on account of supply-side disruption from war. On domestic front, markets are closely eyeing CPI data for any pass-through of costs.

- Global indices ended mixed as investors assessed the latest developments in the Middle East conflict. In the US, equity indices ended higher tracking strong earnings report. FTSE fell tracking political developments and weak macro data. Sensex declined, with losses in banking and oil and gas stocks. It is trading further lower today, in line with other Asian markets.

Table 1 – Stock markets

	07-05-2026	08-05-2026	Change, %
Dow Jones	49,597	49,609	0
S & P 500	7,337	7,399	0.8
FTSE	10,277	10,233	(0.4)
Nikkei	62,834	62,714	(0.2)
Hang Seng	26,626	26,394	(0.9)
Shanghai Comp	4,180	4,180	0
Sensex	77,845	77,328	(0.7)
Nifty	24,327	24,176	(0.6)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies appreciated. JPY rose as traders assessed the possibility of intervention by BoJ. INR depreciated by 0.2% tracking higher oil prices and continued FII outflows. It is trading further weaker today, in line with other Asian currencies.

Table 2 – Currencies

	07-05-2026	08-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1726	1.1787	0.5
GBP/USD (1 GBP / USD)	1.3555	1.3631	0.6
USD/JPY (JPY / 1 USD)	156.93	156.68	0.2
USD/INR (INR / 1 USD)	94.25	94.48	(0.2)
USD/CNY (CNY / 1 USD)	6.8041	6.8005	0.1
DXY Index	98.07	97.90	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Global yields closed mixed. UK's 10Y yield softened eyeing the election. US 10Y yield also moderated tracking labour market data. 10Y yield in Germany, Japan and China remained stable, in absence of fresh cues. India's 10Y yield inched up by 5bps, tracking weekly auction and movement in oil prices. It is trading higher at 7.04% today.

Table 3 – Bond 10Y yield

	07-05-2026	08-05-2026	Change, bps
US	4.39	4.35	(3)
UK	4.95	4.91	(4)
Germany	3.00	3.01	0
Japan	2.48	2.48	0
China	1.76	1.76	0
India	6.93	6.98	5

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	07-05-2026	08-05-2026	Change, bps
Tbill-91 days	5.28	5.27	(1)
Tbill-182 days	5.36	5.50	14
Tbill-364 days	5.53	5.65	12
G-Sec 2Y	6.11	6.16	5
India OIS-2M	5.34	5.34	0
India OIS-9M	5.68	5.71	3
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.61	3.60	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	07-05-2026	08-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.4	2.3	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	06-05-2026	07-05-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(355.8)	(29.6)	326.2
Debt	247.4	(27.5)	(274.9)
Equity	(603.2)	(2.1)	601.1
Mutual funds (Rs cr)	(5,794.9)	(924.9)	4,870.0
Debt	(7,612.3)	(6,709.7)	902.6
Equity	1,817.3	5,784.8	3,967.4

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 5 May and 6 May 2026

- Oil prices increased as hostilities between US and Iran resurfaced.

Table 7 – Commodities

	07-05-2026	08-05-2026	Change, %
Brent crude (US$/bbl)	100.1	101.3	1.2
Gold (US$/ Troy Ounce)	4,685.8	4,715.3	0.6
Copper (US$/ MT)	13,331.3	13,515.4	1.4
Zinc (US$/MT)	3,451.4	3,417.2	(1.0)
Aluminium (US$/MT)	3,493.0	3,503.0	0.3

Source: Bloomberg, Bank of Baroda Research

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For further details about this publication, please contact:

Chief Economist
Bank of Baroda
chief.economist@bankofbaroda.com