

MORNING MOCHA

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 ECONOMIST
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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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