

MORNING MOCHA

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 ECONOMIST
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Global markets showed mixed performance tracking disruption in peace deal between US and Iran and AI-related developments. On macro front, US existing home sales rose by 0.2%, MoM to 4.02mn. All eyes will be on the CPI release, which is expected to show some pass-through of higher energy cost (Bloomberg est.: +0.6% MoM pickup in Apr'26). In Japan, household spending declined by -2.9% in Mar'26, YoY. On the other hand, BoJ minutes showed the possibility of rate hike in the next policy amidst elevated inflationary risks from Middle East crisis. PBOC officials also highlighted concern of inflationary pressure. US-China summit remains crucial event where the centre point is expected to be defence, AI, rare earth and agricultural purchases. On domestic front, CPI is expected to inch up (BoB est.: 4%) on account of pick up in food inflation.

- Global indices ended mixed even as Middle East tensions remained elevated. Equity markets in the US rose as investors await US CPI report. S&P 500 rose to a record high led by a rally in semiconductor stocks. In India, Sensex declined sharply, led by deep losses in consumer durables and real estate stocks. It is trading further lower today, while other Asian stocks are trading mixed.

Table 1 – Stock markets

	08-05-2026	11-05-2026	Change, %
Dow Jones	49,609	49,704	0.2
S & P 500	7,399	7,413	0.2
FTSE	10,233	10,269	0.4
Nikkei	62,714	62,418	(0.5)
Hang Seng	26,394	26,407	0
Shanghai Comp	4,180	4,225	1.1
Sensex	77,328	76,015	(1.7)
Nifty	24,176	23,816	(1.5)

Source: Bloomberg, Bank of Baroda Research

- Except CNY, other global currencies depreciated. DXY rose tracking higher US treasury yields. Amongst major currencies, INR depreciated by 0.9% to a record low. This was led by elevated oil prices and weakness in domestic equities. It is trading marginally stronger today, in line with other Asian currencies.

Table 2 – Currencies

	08-05-2026	11-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1787	1.1783	0
GBP/USD (1 GBP / USD)	1.3631	1.3610	(0.2)
USD/JPY (JPY / 1 USD)	156.68	157.19	(0.3)
USD/INR (INR / 1 USD)	94.48	95.31	(0.9)
USD/CNY (CNY / 1 USD)	6.8005	6.7955	0.1
DXY Index	97.90	97.96	0.1

Source: Bloomberg, Bank of Baroda Research



- Global yields firmed up as fear of elevated energy prices built up anticipation of a stickier borrowing cost. UK's 10Y yield rose the most followed by US. The direction of global yields seems to be sticky this month on the back of no resolution in conflict between US and Iran. India's 10Y rose by 5bps, amidst inflationary concerns. It is trading higher at 7.04% today.

Table 3 – Bond 10Y yield

	08-05-2026	11-05-2026	Change, bps
US	4.35	4.41	6
UK	4.91	5.00	9
Germany	3.01	3.04	4
Japan	2.48	2.52	4
China	1.76	1.77	0
India	6.98	7.03	5

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	08-05-2026	11-05-2026	Change, bps
Tbill-91 days	5.27	5.28	1
Tbill-182 days	5.50	5.49	(1)
Tbill-364 days	5.65	5.64	(1)
G-Sec 2Y	6.16	6.22	7
India OIS-2M	5.34	5.40	6
India OIS-9M	5.71	5.77	6
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.60	3.60	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	08-05-2026	11-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.3	1.9	(0.4)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	07-05-2026	08-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(29.6)	(102.5)	(73.0)
Debt	(27.5)	43.7	71.2
Equity	(2.1)	(146.2)	(144.2)
Mutual funds (Rs cr)	(924.9)	885.8	1,810.7
Debt	(6,709.7)	519.7	7,229.4
Equity	5,784.8	366.1	(5,418.7)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 6 May and 7 May 2026

- Oil prices increased further after US rejected Iran's latest peace proposal.

Table 7 – Commodities

	08-05-2026	11-05-2026	Change, %
Brent crude (US\$/bbl)	101.3	104.2	2.9
Gold (US\$/ Troy Ounce)	4,715.3	4,736.2	0.4
Copper (US\$/ MT)	13,515.4	13,893.1	2.8
Zinc (US\$/MT)	3,417.2	3,471.0	1.6
Aluminium (US\$/MT)	3,503.0	3,579.5	2.2

Source: Bloomberg, Bank of Baroda Research



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