

MORNING MOCHA

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ECONOMIST

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Global markets eyed major macro releases in the US. CPI data of the region inched up to 3.8% in Apr'26 compared to 3.3% in the Mar'26. On a sequential basis it rose by 0.6%. Price pressure was visible in gasoline prices, grocery cost and rent component. It is to be noted that gas prices surged by 28% in the past two months, bearing the impact of war. Core CPI was also stickier at 2.8% in Apr'26 compared to 2.6% in Mar'26. Elevated inflationary risks impacted equity and currency market amidst fear of a higher borrowing cost. Global yields also witnessed broad based increase. On domestic front, India has more than doubled import tariff on gold and silver to 15% from 6% earlier. Apart from this, customs duty on precious metals have also been revised. This move is an emergency measure to cap trade deficit in a volatile geopolitical environment and a weakening currency.

- Except Dow Jones and Nikkei, global indices ended lower amidst uncertainty over the future of US-Iran ceasefire. US indices tracked sharper than expected CPI data. Nikkei gained led by a rally in AI-related stocks. Sensex declined for the 4th straight session. Real estate and consumer durables led the fall. Sensex is trading higher today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	11-05-2026	12-05-2026	Change, %
Dow Jones	49,704	49,761	0.1
S & P 500	7,413	7,401	(0.2)
FTSE	10,269	10,265	0
Nikkei	62,418	62,743	0.5
Hang Seng	26,407	26,348	(0.2)
Shanghai Comp	4,225	4,214	(0.2)
Sensex	76,015	74,559	(1.9)
Nifty	23,816	23,380	(1.8)

Source: Bloomberg, Bank of Baroda Research

- Global currencies depreciated. DXY rose on safe-haven demand as Middle East tensions weighed. Despite an uptick in ZEW's economic sentiment index for Germany, EUR declined. INR dipped to another record low. However, it is trading stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	11-05-2026	12-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1783	1.1739	(0.4)
GBP/USD (1 GBP / USD)	1.3610	1.3540	(0.5)
USD/JPY (JPY / 1 USD)	157.19	157.63	(0.3)
USD/INR (INR / 1 USD)	95.31	95.63	(0.3)
USD/CNY (CNY / 1 USD)	6.7955	6.7969	0
DXY Index	97.96	98.23	0.3

Source: Bloomberg, Bank of Baroda Research



- Global yields firmed up as inflation rose in major economies (US and Germany). 10Y yield in UK rose at the sharpest pace tracking political developments in the region. The momentum of stickiness in yield is likely to persist unless a formal peace deal is in place. India's 10Y yield has inched up a tad supported by less than expected CPI data. It is trading at 7.03% today.

Table 3 – Bond 10Y yield

	11-05-2026	12-05-2026	Change, bps
US	4.41	4.46	5
UK	5.00	5.10	10
Germany	3.04	3.10	6
Japan	2.52	2.56	4
China	1.77	1.76	0
India	7.03	7.05	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	11-05-2026	12-05-2026	Change, bps
Tbill-91 days	5.28	5.29	1
Tbill-182 days	5.49	5.49	0
Tbill-364 days	5.64	5.64	0
G-Sec 2Y	6.22	6.20	(2)
India OIS-2M	5.40	5.43	2
India OIS-9M	5.77	5.85	8
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	11-05-2026	12-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.9	2.3	0.4

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	08-05-2026	11-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(102.5)	(795.7)	(693.2)
Debt	43.7	25.9	(17.8)
Equity	(146.2)	(821.6)	(675.4)
Mutual funds (Rs cr)	885.8	(188.1)	(1,074.0)
Debt	519.7	(5,931.2)	(6,450.9)
Equity	366.1	5,743.1	5,377.0

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 7 May and 8 May 2026

- Oil prices increased further amidst elevated tensions between US and Iran.

Table 7 – Commodities

	11-05-2026	12-05-2026	Change, %
Brent crude (US\$/bbl)	104.2	107.8	3.4
Gold (US\$/ Troy Ounce)	4,736.2	4,715.1	(0.4)
Copper (US\$/ MT)	13,893.1	13,958.9	0.5
Zinc (US\$/MT)	3,471.0	3,524.0	1.5
Aluminium (US\$/MT)	3,579.5	3,562.0	(0.5)

Source: Bloomberg, Bank of Baroda Research



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