

MORNING MOCHA

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 ECONOMIST
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Global equity indices recouped its earlier day losses, ahead of US-China meeting where focus will be on trade and investment. Elsewhere, currency market showed stress in anticipation of higher borrowing cost. On macro front, US PPI firmed up by 1.4%, MoM, in Apr'26 compared to 0.7% in Mar'26. Core PPI (excl. food and energy) also increased by 1%, far higher than 0.2% increase seen in Mar'26. Thus, price pressure from war-related disruption is already visible. Final demand PPI on YoY basis is at its highest since Dec'22. In Germany as well, wholesale price index rose by 2% (MoM) and by 6.3% on YoY basis, in Apr'26. On domestic front, the new MSP for kharif crops for 2026-27 has been announced, with a hike of 3% in paddy crop (Rs 2,441/quintal) from last year. The highest increase in term of quantum has been noted for sunflower (up by 8.1%), followed by cotton for the same period.

- Except Dow Jones, other global indices ended higher. S&P 500 rose further driven by a surge in AI-related stocks. Investors also awaited outcome of US-China talk. Nikkei rose by 0.8%, with strong gains in banking and real estate. Sensex snapped its losing streak and ended marginally higher. Metal stocks led the increase. It is trading further higher today, in line with Asian peers.

Table 1 – Stock markets

	12-05-2026	13-05-2026	Change, %
Dow Jones	49,761	49,693	(0.1)
S & P 500	7,401	7,444	0.6
FTSE	10,265	10,325	0.6
Nikkei	62,743	63,272	0.8
Hang Seng	26,348	26,388	0.2
Shanghai Comp	4,214	4,243	0.7
Sensex	74,559	74,609	0.1
Nifty	23,380	23,413	0.1

Source: Bloomberg, Bank of Baroda Research

- Except CNY, other global currencies declined. DXY rose by 0.1% supported by hawkish comments from a key Fed official. EUR depreciated by 0.2% as GDP growth moderated in Q1 2026. INR depreciated further tracking weak global cues. It is trading further weaker today, in line with other Asian currencies.

Table 2 – Currencies

	12-05-2026	13-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1739	1.1711	(0.2)
GBP/USD (1 GBP / USD)	1.3540	1.3523	(0.1)
USD/JPY (JPY / 1 USD)	157.63	157.86	(0.1)
USD/INR (INR / 1 USD)	95.63	95.71	(0.1)
USD/CNY (CNY / 1 USD)	6.7969	6.7906	0.1
DXY Index	98.30	98.52	0.2

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. UK's 10Y yield showed some correction over uncertainty about fiscal path. Germany's 10Y yield closed stable tracking Q1 Euro area GDP data. US 10Y yield inched up a tad tracking PPI data. India's 10Y yield closed stable. It is trading at the same level today, awaiting WPI data release, for cues on pass through to producer prices.

Table 3 – Bond 10Y yield

	12-05-2026	13-05-2026	Change, bps
US	4.46	4.47	1
UK	5.10	5.07	(4)
Germany	3.10	3.10	0
Japan	2.56	2.59	3
China	1.76	1.75	(1)
India	7.05	7.05	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	12-05-2026	13-05-2026	Change, bps
Tbill-91 days	5.29	5.32	3
Tbill-182 days	5.49	5.54	5
Tbill-364 days	5.64	5.74	10
G-Sec 2Y	6.20	6.16	(4)
India OIS-2M	5.43	5.45	3
India OIS-9M	5.85	5.88	3
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.60	3.60	-

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	12-05-2026	13-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.3	2.2	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	11-05-2026	12-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(795.7)	(49.1)	746.6
Debt	25.9	35.3	9.4
Equity	(821.6)	(84.4)	737.2
Mutual funds (Rs cr)	(188.1)	(1,407.7)	(1,219.6)
Debt	(5,931.2)	(5,808.9)	122.3
Equity	5,743.1	4,401.1	(1,341.9)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 8 May and 11 May 2026

- Oil prices declined as investors turned their focus on US-China meeting.

Table 7 – Commodities

	12-05-2026	13-05-2026	Change, %
Brent crude (US\$/bbl)	107.8	105.6	(2.0)
Gold (US\$/ Troy Ounce)	4,715.1	4,688.8	(0.6)
Copper (US\$/ MT)	13,958.9	14,109.5	1.1
Zinc (US\$/MT)	3,524.0	3,509.4	(0.4)
Aluminium (US\$/MT)	3,562.0	3,652.5	2.5

Source: Bloomberg, Bank of Baroda Research



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