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16 September 2026

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Market sentiments remained jittery as oil prices traded firmly above the US\$ 100/bbl mark, fuelling inflationary concerns. Equities edged down, currencies declined and bond yields hardened. Investors now await policy decision of Fed, with a 25bps rate hike largely priced in. Separately, ZEW's economic sentiment index for Germany improved marginally to 34.7 in Sep'26 from 34.2 in Aug'26. However, the index for current economic situation improved from (-) 61.1 to (-) 47.1 in the same period. In India, CAD increased to US\$ 11.2bn in Apr-Jul'26 versus US\$ 6.6bn in Apr-Jul'25. This was led by higher merchandise trade deficit, even as remittances and services receipts were higher. Capital account surplus increased, led by NRI deposits and FDI inflows. Separately, India's goods exports rose by 26.1% in Aug'26, accelerating from 19.6% in Jul'26. However, import growth moderated to 14.1% from 17.5% in Jul'26. As a result, trade deficit narrowed to US\$ 26.9bn from US\$ 32bn in Jul'26.

- Except Nikkei, global stocks ended lower. The anticipation of tighter liquidity due to expected Fed rate hike led to a broad-based sell off. US stocks fell the most, followed by Hang Seng. Sensex also fell sharply led by capital goods and real estate stocks. It is trading higher today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	14-09-2026	15-09-2026	Change, %
Dow Jones	52,421	52,093	(0.6)
S & P 500	7,620	7,586	(0.4)
FTSE	10,698	10,658	(0.4)
Nikkei	63,493	63,484	0
Hang Seng	24,918	24,667	(1.0)
Shanghai Comp	3,885	3,864	(0.5)
Sensex	74,782	74,004	(1.0)
Nifty	23,398	23,119	(1.2)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 14 Sep 2026

- Global currencies declined further as expectations of a Fed rate hike boosted the dollar. DXY rose by 0.2% ahead of Fed policy. Higher oil prices weighed on JPY which declined by 0.5%. INR depreciated by 0.4%, but is trading stronger today. Other Asian currencies are trading mixed.

Table 2 – Currencies

	14-09-2026	15-09-2026	Change, %
EUR/USD (1 EUR / USD)	1.1549	1.1544	0
GBP/USD (1 GBP / USD)	1.3499	1.3478	(0.2)
USD/JPY (JPY / 1 USD)	154.35	155.10	(0.5)
USD/INR (INR / 1 USD)	95.56	95.96	(0.4)
USD/CNY (CNY / 1 USD)	6.7090	6.7117	0
DXY Index	99.39	99.62	0.2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 14 Sep 2026



- Except China (stable), other global yields remained elevated. Bond market sentiments remained bearish surrounding higher US inflation print which strengthened the case for a Sep'26 rate hike by the Fed. India's 10Y yield also rose by 6bps. It is trading further higher at 7.08% today.

Table 3 – Bond 10Y yield

	14-09-2026	15-09-2026	Change, bps
US	4.99	5.00	1
UK	5.37	5.39	2
Germany	3.52	3.54	2
Japan	3.01	3.04	3
China	1.69	1.69	0
India	7.01	7.07	6

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 14 Sep 2026

Table 4 – Short term rates

	14-09-2026	15-09-2026	Change, bps
Tbill-91 days	5.18	5.25	7
Tbill-182 days	5.59	5.63	4
Tbill-364 days	5.89	5.91	2
G-Sec 2Y	6.28	6.31	4
India OIS-2M	5.37	5.41	4
India OIS-9M	5.88	5.94	6
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.62	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 14 Sep 2026

Table 5 – Liquidity

Rs tn	11-09-2026	15-09-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	10.7	9.9	(0.8)

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 14 Sep 2026

Table 6 – Capital market flows

	10-09-2026	11-09-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(96.2)	(605.2)	(509.0)
Debt	(72.5)	(503.1)	(430.6)
Equity	(23.7)	(102.1)	(78.4)
Mutual funds (Rs cr)	1,115.5	(1,939.5)	(3,055.0)
Debt	479.2	(2,055.7)	(2,534.9)
Equity	636.3	116.2	(520.1)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual fund data as of 07 Sep and 08 Sep 2026 | Markets in India were closed on 14 Sep 2026

- Oil prices continued to surge as there are no signs of de-escalation in war situation between US and Iran.

Table 7 – Commodities

	14-09-2026	15-09-2026	Change, %
Brent crude (US\$/bbl)	105.7	108.8	2.9
Gold (US\$/ Troy Ounce)	4,299.6	4,292.2	(0.2)
Copper (US\$/ MT)	13,915.3	14,021.0	0.8
Zinc (US\$/MT)	3,932.2	3,947.8	0.4
Aluminium (US\$/MT)	3,244.5	3,251.5	0.2

Source: Bloomberg, Bank of Baroda Research



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