

MORNING MOCHA

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 ECONOMIST
 Aditi Gupta

Major markets in Asia remained closed for Lunar Year holidays, even as AI concerns continued to dominate global investors' sentiments. Progress in US-Iran talks provided some comfort. Separately, Fed officials continued to bat for a data driven approach to further rate cuts. In this regard, investors keenly await the minutes of the latest Fed meeting to assess the rate trajectory. On macro front, unemployment rate in the UK edged up to 5.2% in Oct-Dec'25 (5.1% in Sep-Nov'25), touching a near 5-year high. This has raised the possibility of a rate cut by the BoE in Mar'26 to 80% from about 65% earlier. In Japan, export growth inched up sharply by 16.8% (est. 12%) from 5.1% in Dec'25, led by a strong surge in exports to China. However, imports declined by 2.5% (est. +3%). Separately, Reserve Bank of New Zealand maintained its official cash rate steady at 2.25%.

- US stocks closed higher monitoring buoyant private payroll number. FTSE inched up despite an increase in unemployment rate. Hang Seng and Shanghai Comp remained closed due to Lunar Year holiday. Nikkei moderated marginally. Sensex inched up, led by FMCG and capital goods stocks. It is trading further higher today, in line with other Asian stocks.

Table 1 – Stock markets

	16-02-2026	17-02-2026	Change, %
Dow Jones	49,501	49,533	0.1
S & P 500	6,836	6,843	0.1
FTSE	10,474	10,556	0.8
Nikkei	56,806	56,566	(0.4)
Hang Seng	26,567	26,706	0.5
Shanghai Comp	4,134	4,082	(1.3)
Sensex	83,277	83,451	0.2
Nifty	25,683	25,725	0.2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Hong Kong and China were closed on 17 Feb 2026

- Global currencies ended mixed. DXY strengthened by 0.2% as investors assessed comments from key Fed officials. GBP depreciated by 0.4% as UK's unemployment rate hit a 5-year high. INR ended broadly stable. However, it is trading a tad stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	16-02-2026	17-02-2026	Change, %
EUR/USD (1 EUR / USD)	1.1851	1.1855	0
GBP/USD (1 GBP / USD)	1.3629	1.3568	(0.4)
USD/JPY (JPY / 1 USD)	153.47	153.31	0.1
USD/INR (INR / 1 USD)	90.65	90.69	0
USD/CNY (CNY / 1 USD)	6.9017	6.9049	0
DXY Index	96.92	97.16	0.2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in China were closed on 17 Feb 2026



- Japan's 10Y yield fell the most by 8bps amidst news of investment of US\$ 36bn in the US, as part of its US\$ 550bn investment commitment earlier. Elsewhere, 10Y yields traded thinly. US 10Y yield rose a tad tracking private payroll data. India's 10Y fell marginally as Government announced conversion/switch of Rs 25,000 crore. It is trading at 6.67% today.

Table 3 – Bond 10Y yield

	16-02-2026	17-02-2026	Change, bps
US	4.05	4.06	1
UK	4.40	4.38	(2)
Germany	2.75	2.74	(2)
Japan	2.21	2.14	(8)
China	1.78	1.79	1
India	6.66	6.66	(1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in China were closed on 17 Feb 2026

Table 4 – Short term rates

	16-02-2026	17-02-2026	Change, bps
Tbill-91 days	5.31	5.32	1
Tbill-182 days	5.42	5.43	1
Tbill-364 days	5.54	5.56	2
G-Sec 2Y	5.77	5.71	(6)
India OIS-2M	5.32	5.32	0
India OIS-9M	5.41	5.42	1
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.66	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	16-02-2026	17-02-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.6	2.6	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	13-02-2026	16-02-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(471.9)	97.2	569.1
Debt	199.5	120.9	(78.7)
Equity	(671.4)	(23.6)	647.8
Mutual funds (Rs cr)	(2,847.0)	799.0	3,646.0
Debt	(2,575.7)	(2,723.6)	(147.8)
Equity	(271.2)	3,522.6	3,793.8

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 12 Feb & 13 Feb 2026

- Oil prices eased amidst anticipation of favourable talks between US and Iran.

Table 7 – Commodities

	16-02-2026	17-02-2026	Change, %
Brent crude (US\$/bbl)	68.7	67.4	(1.8)
Gold (US\$/ Troy Ounce)	4,992.1	4,877.9	(2.3)
Copper (US\$/ MT)	12,738.4	12,510.1	(1.8)
Zinc (US\$/MT)	3,257.1	3,252.0	(0.2)
Aluminium (US\$/MT)	3,052.5	3,035.0	(0.6)

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com