MORNING MOCHA

19 August 2026

ECONOMIST
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US President announced a 3-day pause on the 50% tariffs imposed on Canada's exports to the US, stating that the two countries have stuck a deal. Separately, the President also ruled out any scheduled talks with Iran. Conflicting statements from US and Iran on the blockade of Strait of Hormuz continue to impact investor sentiments. On the macro front, US industrial production eased to 0.2% in Jul'26 after increasing by 0.3% in Jun'26, led by decline in consumer goods production. Housing starts declined sharply by 12.4% in Jul'26, due to higher mortgage rates. In UK, while the unemployment rate held steady at 4.9% (est. 4.8%), even as the number of job vacancies and payrolled employees moderate further. Average earnings growth also cooled down to the weakest since Aug-Oct'20. In Germany, ZEW's economic sentiment index inched up to 34.2 in Aug'26 from 26.3 in Jul'26.

- Global indices closed mixed. Nikkei fell the most led by a decline in semiconductor stocks. US stocks also edged down monitoring major tariff related developments. Among Asian stocks, Shanghai Comp rose the most despite weak economic data in China. Sensex edged down led by technology stocks. It is trading further lower today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	17-08-2026	18-08-2026	Change, %
Dow Jones	53,460	53,343	(0.2)
S & P 500	7,745	7,692	(0.7)
FTSE	10,720	10,728	0.1
Nikkei	69,220	67,461	(2.5)
Hang Seng	25,453	25,471	0.1
Shanghai Comp	3,983	3,990	0.2
Sensex	77,728	77,235	(0.6)
Nifty	24,288	24,155	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Except EUR, other global currencies ended weaker. DXY was broadly steady as investors monitored macro data. GBP declined by 0.1% tracking a weakness in labour market. INR depreciated further as oil prices inched up. It is trading further weaker today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	17-08-2026	18-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1580	1.1576	0
GBP/USD (1 GBP / USD)	1.3544	1.3532	(0.1)
USD/JPY (JPY / 1 USD)	159.46	159.61	(0.1)
USD/INR (INR / 1 USD)	95.61	95.68	(0.1)
USD/CNY (CNY / 1 USD)	6.7408	6.7442	(0.1)
DXY Index	99.64	99.66	0

Source: Bloomberg, Bank of Baroda Research

- Germany and Japan's 10Y yield inched up. For Germany, an uptick in ZEW's economic sentiment index led to improved risk-off sentiments. In Japan, possibility of rate hike is pushing up yields. India's 10Y yield rose by 2bps. It is trading at 6.82% today.

Table 3 – Bond 10Y yield

	17-08-2026	18-08-2026	Change, bps
US	4.72	4.70	(2)
UK	5.06	5.08	2
Germany	3.22	3.26	4
Japan	2.92	2.96	4
China	1.68	1.67	(1)
India	6.81	6.83	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	17-08-2026	18-08-2026	Change, bps
Tbill-91 days	5.24	5.20	(4)
Tbill-182 days	5.53	5.46	(7)
Tbill-364 days	5.68	5.68	0
G-Sec 2Y	6.19	6.19	0
India OIS-2M	5.30	5.32	2
India OIS-9M	5.65	5.69	4
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.66	4

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	17-08-2026	18-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.6	3.9	0.3

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	14-08-2026	16-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	403.1	(134.9)	(538.1)
Debt	(27.8)	(99.5)	(71.7)
Equity	430.9	(35.5)	(466.4)
Mutual funds (Rs cr)	(2,183.2)	10,525.5	12,708.7
Debt	(6,975.6)	5,953.7	12,929.3
Equity	4,792.4	4,571.8	(220.5)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual fund data as of 12 Aug and 13 Aug 2026

- Oil prices showed moderate increase as no new developments were seen surrounding the US-Iran conflict.

Table 7 – Commodities

	17-08-2026	18-08-2026	Change, %
Brent crude (US$/bbl)	90.9	91.0	0.2
Gold (US$/ Troy Ounce)	4,416.0	4,334.5	(1.8)
Copper (US$/ MT)	14,594.0	14,234.5	(2.5)
Zinc (US$/MT)	3,851.9	3,777.5	(1.9)
Aluminium (US$/MT)	3,266.5	3,220.5	(1.4)

Source: Bloomberg, Bank of Baroda Research

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