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Economist
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Crude oil prices retreated amidst news reports of the diplomatic progress made in the Middle East. Minneapolis Fed head stated that concerns around inflation persist given elevated services-based inflation. Separately in India, core sector output moderated to 4.8% in Aug'26 compared with 6.2% growth noted in Aug'25. Barring two sectors, other 8-sectors registered a broad-based moderation during the same period. Contraction was noted for the following sectors: coal (-3.8% from 10.8% in Aug'25), natural gas (-4.9% from -2.2%), crude oil (-3.6% from -0.7%) and fertilizers (-12.4% form 4.5%) in Aug'26. On the bright side, cement (12.5% form 5.4%) and electricity (11.6% from 4.2%) output registered strong double-digit growth in Aug'26.

- Global stock indices closed higher. US indices surged led by optimism in AI related stocks. Lower oil prices also provided much needed support. Amongst other indices, S&P rose the most followed by Hang Seng. Sensex too edged up with gains in real estate and FMCG stocks. It is trading higher today in line with other Asian stocks.

Table 1 – Stock markets

	18-09-2026	21-09-2026	Change, %
Dow Jones	51,683	52,049	0.7
S & P 500	7,651	7,765	1.5
FTSE	10,659	10,739	0.7
Nikkei	64,136	65,019	1.4
Hang Seng	24,751	25,043	1.2
Shanghai Comp	3,912	3,950	1.0
Sensex	74,295	74,859	0.8
Nifty	23,346	23,414	0.3

Source: Bloomberg, Bank of Baroda Research Note: Japanese markets were shut on 21.9.2026

- Except CNY and INR, other global currencies fell against the US$. DXY too ended flat. Global risks sentiment improved amidst expectations of US-Iran diplomatic talks in the backdrop of UNGA meeting. Softer treasury yields also impacted currencies. INR appreciated, as oil prices scaled back, and is trading further higher today, in line with other Asian currencies.

Table 2 – Currencies

	18-09-2026	21-09-2026	Change, %
EUR/USD (1 EUR / USD)	1.1486	1.1465	(0.2)
GBP/USD (1 GBP / USD)	1.3395	1.3367	(0.2)
USD/JPY (JPY / 1 USD)	156.88	157.36	(0.3)
USD/INR (INR / 1 USD)	95.87	95.81	0.1
USD/CNY (CNY / 1 USD)	6.6977	6.6952	0
DXY Index	100.22	100.24	0

Source: Bloomberg, Bank of Baroda Research

- Major global yields moderated. 10Y yields in Europe fell the most, followed by US 10Y yield. Notable dip in oil prices helped improve investment sentiments. However, 2Y US treasury bond remains elevated, as market participants still expect Fed to hike rates in the near-term to tame the pace of inflation. Following global cues, India's 10Y also fell by 2bps, and is trading steady today (7.05%).

Table 3 – Bond 10Y yield

	18-09-2026	21-09-2026	Change, bps
US	5.00	4.95	(5)
UK	5.30	5.21	(8)
Germany	3.52	3.46	(6)
Japan	3.00	2.99	(1)
China	1.69	1.68	(1)
India	7.07	7.05	(2)

Source: Bloomberg, Bank of Baroda Research Note: Japanese markets were shut on 21.9.2026

Table 4 – Short term rates

	18-09-2026	21-09-2026	Change, bps
Tbill-91 days	5.37	5.34	(3)
Tbill-182 days	5.74	5.73	(1)
Tbill-364 days	6.03	6.03	0
G-Sec 2Y	6.31	6.56	24
India OIS-2M	5.39	5.43	4
India OIS-9M	5.91	5.91	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.85	3.85	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	18-09-2026	21-09-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	6.2	4.9	(1.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	17-09-2026	18-09-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(277.9)	908.3	1,186.3
Debt	52.1	450.4	398.4
Equity	(330.0)	457.9	787.9
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

- Oil prices slipped for the 4th straight day amidst hopes around US-Iran diplomacy.

Table 7 – Commodities

	18-09-2026	21-09-2026	Change, %
Brent crude (US$/bbl)	103.9	100.3	(3.4)
Gold (US$/ Troy Ounce)	4,378.6	4,343.4	(0.8)
Copper (US$/ MT)	14,543.1	14,710.0	1.1
Zinc (US$/MT)	4,015.5	4,002.0	(0.3)
Aluminium (US$/MT)	3,288.5	3,267.0	(0.7)

Source: Bloomberg, Bank of Baroda Research

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