

MORNING MOCHA

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US and Iran have reiterated their commitment to finalising a peace deal within 60 days, at the conclusion of the keenly watched peace talks. Reports indicate that the US has lifted some sanctions on Iran. At the same time, hostilities in Lebanon have receded while naval traffic from the Strait of Hormuz has started picking up. In Japan, flash composite PMI edged up to 52.5 in Jun'26 from 51.1 in May'26, led by a sharp improvement in services sector activity. Manufacturing activity too picked up. In India, eight core output increased by 0.5% in May'26, after increasing by 1.8% in Apr'26. Separately, RBI attested to the strength of the domestic economy against a volatile global environment. However, it noted that breakdown of US-Iran peace deal could have a detrimental impact on the economy through rising costs, capital outflows, trade and commodity prices.

- Global indices ended mixed. Weakness in tech stocks drove S&P 500 and Hang Seng lower. Amongst other indices, Nikkei rose the most tracking a weaker JPY. Other indices got support from reports of US decision to issue a 60-day license allowing Iran to sell oil in the international market. Sensex inched up led by IT stocks. It is trading higher today, while Asian stocks are trading lower.

Table 1 – Stock markets

	19-06-2026	22-06-2026	Change, %
Dow Jones	51,565	51,713	0.3
S & P 500	7,501	7,473	(0.4)
FTSE	10,363	10,438	0.7
Nikkei	71,250	72,354	1.5
Hang Seng	23,925	23,769	(0.7)
Shanghai Comp	4,090	4,163	1.8
Sensex	76,803	77,094	0.4
Nifty	24,013	24,103	0.4

Source: Bloomberg, Bank of Baroda Research

- Except GBP, other global currencies depreciated against the dollar. DXY rose by 0.2% tracking a rise in US treasury yields. GBP rose as outgoing British PM vowed an orderly transfer of power. INR depreciated by 0.4%. However, it is trading stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	19-06-2026	22-06-2026	22-06-2026
EUR/USD (1 EUR / USD)	1.1471	1.1429	(0.4)
GBP/USD (1 GBP / USD)	1.3232	1.3251	0.1
USD/JPY (JPY / 1 USD)	161.30	161.57	(0.2)
USD/INR (INR / 1 USD)	94.33	94.68	(0.4)
USD/CNY (CNY / 1 USD)	6.7682	6.7762	(0.1)
DXY Index	100.85	101.02	0.2

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield firmed up due to risk on sentiments amidst reports of US waiver on Iran. 10Y yields in UK and Germany softened. For Germany, ECB Chief's comments on inflation returning to the target supported yields. India's 10Y yield fell a tad. It is trading further lower at 6.84%.

Table 3 – Bond 10Y yield

	19-06-2026	22-06-2026	Change, bps
US	4.46	4.51	5
UK	4.84	4.81	(3)
Germany	2.99	2.95	(3)
Japan	2.66	2.68	3
China	1.73	1.73	0
India	6.88	6.87	(1)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	19-06-2026	22-06-2026	Change, bps
Tbill-91 days	5.24	5.22	(2)
Tbill-182 days	5.48	5.43	(5)
Tbill-364 days	5.76	5.65	(11)
G-Sec 2Y	6.05	6.03	(3)
India OIS-2M	5.39	5.39	(0)
India OIS-9M	5.72	5.69	(3)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.62	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	19-06-2026	22-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.4	(0.2)	(0.6)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	18-06-2026	19-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(185.3)	1,364.2	1,549.4
Debt	6.4	779.1	772.8
Equity	(191.6)	585.0	776.6
Mutual funds (Rs cr)	(6,802.1)	337.0	7,139.0
Debt	(8,118.7)	(2,777.0)	5,341.6
Equity	1,316.6	3,114.0	1,797.4

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 17 and 18 Jun 2026

- Oil prices declined tracking progress in US-Iran peace talks.

Table 7 – Commodities

	19-06-2026	22-06-2026	Change, %
Brent crude (US\$/bbl)	80.6	77.9	(3.3)
Gold (US\$/ Troy Ounce)	4,155.7	4,190.1	0.8
Copper (US\$/ MT)	13,526.6	13,580.4	0.4
Zinc (US\$/MT)	3,553.6	3,613.3	1.7
Aluminium (US\$/MT)	3,396.5	3,364.0	(1.0)

Source: Bloomberg, Bank of Baroda Research



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