MORNING MOCHA

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Economist
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Factory order book balance in the UK rose sharply to -9 in Sep'26 from -25 in Aug'26, as per the CBI industrial trend. This has been the highest reading since Jul'23 and even better than the long run average of -14. Output volumes slipped marginally. In other macro news, UK's public sector new borrowing rose to US$ 24.5bn, much higher than anticipated and even ahead of the OBR forecast. Ahead of the budget, there will be pressure to meet the fiscal rules without raising the taxes. The FM will also have to keep into account the risk of higher borrowing costs given the expectations of rate hike, which leaves little room in the budget to manage fiscal space. Separately, news of re-opening of strait of Hormuz and US-Iran peace talks, lifted investor sentiments.

- Global stock indices closed mixed. US indices were under pressure amidst uncertainty and news of growing competition around AI. Hang Seng slipped with losses in technology heavyweights. Sensex too ended lower and was dragged down by losses in capital goods and IT related stocks. However, it is trading higher today while other Asian stocks are trading mixed.

Table 1 – Stock markets

	21-09-2026	22-09-2026	Change, %
Dow Jones	52,049	51,864	(0.4)
S & P 500	7,765	7,765	0
FTSE	10,739	10,708	(0.3)
Nikkei	64,136	65,019	1.4
Hang Seng	25,043	25,088	0.2
Shanghai Comp	3,950	3,952	0.1
Sensex	74,859	74,529	(0.4)
Nifty	23,414	23,329	(0.4)

Source: Bloomberg, Bank of Baroda Research Note: Japan's markets were shut on 21st and 22nd Sep 2026

- Except INR and JPY, other global currencies fell against the US$. Investors are assessing the probability of another Fed rate hike this year. Investors also await meeting between heads of US and China and more clarity on US-Iran peace talks. Supported by decline in oil prices, INR appreciated by 0.2%. However, it is trading lower today, in line with other Asian currencies.

Table 2 – Currencies

	21-09-2026	22-09-2026	Change, %
EUR/USD (1 EUR / USD)	1.1465	1.1449	(0.1)
GBP/USD (1 GBP / USD)	1.3367	1.3346	(0.2)
USD/JPY (JPY / 1 USD)	157.36	157.39	0
USD/INR (INR / 1 USD)	95.81	95.60	0.2
USD/CNY (CNY / 1 USD)	6.6952	6.7004	(0.1)
DXY Index	100.43	100.36	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Global yields closed mixed. India's 10Y yield fell the most, while yields in UK and US inched up. Relative of the labour market in the US (ADP employment) has impacted investor sentiments. In case of UK, higher than expected government borrowing data led to surge in yield. India's 10Y yield fell by 4bps, tracking continued decline in oil prices. It is trading steady today (7.01%).

Table 3 – Bond 10Y yield

	21-09-2026	22-09-2026	Change, bps
US	4.95	4.96	1
UK	5.21	5.24	3
Germany	3.46	3.46	0
Japan	2.99	2.99	0
China	1.68	1.68	0
India	7.05	7.01	(4)

Source: Bloomberg, Bank of Baroda Research Note: Japan's markets were shut on 21st and 22nd Sep 2026

Table 4 – Short term rates

	21-09-2026	22-09-2026	Change, bps
Tbill-91 days	5.34	5.35	1
Tbill-182 days	5.73	5.67	(6)
Tbill-364 days	6.03	6.02	(1)
G-Sec 2Y	6.31	6.56	24
India OIS-2M	5.43	5.44	1
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	21-09-2026	22-09-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	4.9	4.4	(0.5)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	18-09-2026	21-09-2026	change (US$ mn/Rs cr)
FII (US$ mn)	908.3	(196.4)	(1,104.7)
Debt	450.4	(128.7)	(579.1)
Equity	457.9	(67.7)	(525.6)
Mutual funds (Rs cr)	(2,080.6)	(575.3)	1,505.3
Debt	(2,373.8)	(1,762.4)	611.3
Equity	293.1	1,187.1	894.0

Source: Bloomberg, Bank of Baroda Research

- Oil prices retreated below the US$ 100/bbl mark amidst optimism around US-Iran ongoing talks.

Table 7 – Commodities

	21-09-2026	22-09-2026	Change, %
Brent crude (US$/bbl)	100.3	99.3	(1.1)
Gold (US$/ Troy Ounce)	4,343.4	4,360.7	0.4
Copper (US$/ MT)	14,710.0	14,821.0	0.8
Zinc (US$/MT)	4,002.0	3,962.8	(1.0)
Aluminium (US$/MT)	3,267.0	3,265.0	(0.1)

Source: Bloomberg, Bank of Baroda Research

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