

MORNING MOCHA

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 ECONOMIST
Sonal Badhan

US data shows that factory orders in Dec'25 fell by (-) 0.7% MoM, following 2.7% increase registered in Nov'25. This was mainly driven by drop in aircraft orders (-24.8%). However, core order (non-defence capital goods excluding aircrafts), a proxy for private investment, improved as it rose by 0.8%. Within this, growth was led by orders for computer and electronic products (3.1%), electrical equipment (0.3%) and machinery (0.5%). Investors now await more clarity on tariffs and macro data due later in the week (labour market, producer prices). Separately in Germany, business sentiment improved in Feb'26. The IFO business climate index rose to 88.6 points (est.: 88.3), up from 87.6 points in Jan'26. Both current situation and expectations index improved. Sentiment in service sector turned positive.

- Global equity indices closed mixed amidst volatility surrounding global tariff news. Dow Jones was down by 1.7% with deep losses noted in AI-related stocks. On the other hand, Hang Seng surged to nearly 2-week high with gains in technology and semiconductor stocks. Sensex rose led by gains in auto and power stocks. However, it is trading lower today in line with other Asian stocks.

Table 1 – Stock markets

	20-02-2026	23-02-2026	Change, %
Dow Jones	49,626	48,804	(1.7)
S & P 500	6,910	6,838	(1.0)
FTSE	10,687	10,685	0
Nikkei	57,468	56,826	(1.1)
Hang Seng	26,413	27,082	2.5
Shanghai Comp	4,134	4,082	(1.3)
Sensex	82,815	83,295	0.6
Nifty	25,571	25,713	0.6

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 23 Feb and China's markets have been closed since 14 Feb

- Global currencies ended up mixed. Dollar index weakened further amidst growing uncertainty around global trade policy. This boosted the safe heaven demand as Yen strengthened by 0.3%. INR depreciated given lower oil prices. However, it is trading weaker today while other Asian currencies are trading mixed.

Table 2 – Currencies

	20-02-2026	23-02-2026	Change, %
EUR/USD (1 EUR / USD)	1.1784	1.1785	0
GBP/USD (1 GBP / USD)	1.3480	1.3492	0.1
USD/JPY (JPY / 1 USD)	155.05	154.65	0.3
USD/INR (INR / 1 USD)	90.99	90.88	0.1
USD/CNY (CNY / 1 USD)	6.9017	6.9049	0
DXI Index	97.80	97.71	(0.1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 23 Feb and China's markets have been closed since 14 Feb



- Global 10Y yields closed lower. US 10Y yield fell by 5bps, as investors monitor developments around US tariffs on global economies and note decline in factory orders. India's 10Y also fell by 2bps, following global cues and decline in oil prices. However, it is trading a tad higher today at 6.71%.

Table 3 – Bond 10Y yield

	20-02-2026	23-02-2026	Change, bps
US	4.08	4.03	(5)
UK	4.35	4.31	(4)
Germany	2.74	2.71	(3)
Japan	2.15	2.12	(3)
China	1.78	1.79	1
India	6.72	6.70	(2)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 23 Feb and China's markets have been closed since 14 Feb

Table 4 – Short term rates

	20-02-2026	23-02-2026	Change, bps
Tbill-91 days	5.29	5.29	0
Tbill-182 days	5.50	5.43	(7)
Tbill-364 days	5.55	5.48	(7)
G-Sec 2Y	5.66	5.70	4
India OIS-2M	5.32	5.31	(1)
India OIS-9M	5.43	5.41	(2)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.67	3.66	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	20-02-2026	23-02-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.3	1.9	(0.4)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	18-02-2026	20-02-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	284.5	70.7	(213.8)
Debt	72.3	97.6	25.4
Equity	212.2	(26.9)	(239.1)
Mutual funds (Rs cr)	(1,688.4)	(2,821.0)	(1,132.6)
Debt	(641.8)	(2,713.9)	(2,072.1)
Equity	(1,046.6)	(107.2)	939.5

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

- Oil prices slipped as geopolitical conflict eased ahead of US-Iran nuclear talks.

Table 7 – Commodities

	20-02-2026	23-02-2026	Change, %
Brent crude (US\$/bbl)	71.8	71.5	(0.4)
Gold (US\$/ Troy Ounce)	5,107.5	5,227.4	2.3
Copper (US\$/ MT)	12,881.0	12,784.9	(0.7)
Zinc (US\$/MT)	3,351.2	3,323.3	(0.8)
Aluminium (US\$/MT)	3,102.5	3,089.5	(0.4)

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