

MORNING MOCHA

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 ECONOMIST
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Global market sentiments remained fragile awaiting more clarity on the key issues within the US-Iran peace framework. Flash global PMIs painted a mixed picture. Manufacturing and services activity in the US picked up, while there was a significant downturn noted in the UK. In the Eurozone as well, manufacturing and services activity remained subdued, even though there was some improvement since last month. Separately, minutes of BoJ's meeting showed that a board members remained wary of rising inflation risks, with some members supporting a faster pace of increase in rates. On the other hand, in the UK, a key BoE official spoke on the need for keeping rates steady. India's flash composite PMI edged down to 57.4 in Jun'26 from 59.3 in May'26, due to rising cost pressures and softer demand. Even so, the pace of expansion remains solid driven by growth in new orders.

- Global indices closed lower on account of a sell-off in technology stocks amidst concerns whether the overvaluation in AI-related in stocks is likely to sustain or not. Nikkei fell the most, followed by Hang Seng, Shanghai Comp and S&P 500. Sensex also closed lower dragged by IT and banking stocks. It is trading higher today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	22-06-2026	23-06-2026	Change, %
Dow Jones	51,713	51,667	(0.1)
S & P 500	7,473	7,365	(1.4)
FTSE	10,438	10,429	(0.1)
Nikkei	72,354	69,788	(3.5)
Hang Seng	23,769	23,336	(1.8)
Shanghai Comp	4,163	4,106	(1.4)
Sensex	77,094	76,201	(1.2)
Nifty	24,103	23,824	(1.2)

Source: Bloomberg, Bank of Baroda Research

- Dollar strengthened to near 1-year high as investors raised expectations of Fed rate hikes. GBP declined tracking a dip in UK's flash PMI. JPY continued to trade near levels which could trigger intervention. INR depreciated by 0.1% and is trading further weaker today, in line with other Asian currencies.

Table 2 – Currencies

	22-06-2026	23-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1429	1.1382	(0.4)
GBP/USD (1 GBP / USD)	1.3251	1.3204	(0.4)
USD/JPY (JPY / 1 USD)	161.57	161.55	0
USD/INR (INR / 1 USD)	94.68	94.74	(0.1)
USD/CNY (CNY / 1 USD)	6.7762	6.7924	(0.2)
DXI Index	101.02	101.41	0.4

Source: Bloomberg, Bank of Baroda Research



- UK's 10Y yield fell by 5bps as BoE official hinted at a softer monetary policy in the event of a benign inflation scenario. Germany's 10Y yield also fell by 3bps tracking weak PMI data. Elsewhere 10Y yields traded in narrow range. India's 10Y yield fell a tad. It is trading further lower at 6.82% today as government announced buyback of Rs. 30,000 crore worth of securities.

Table 3 – Bond 10Y yield

	22-06-2026	23-06-2026	Change, bps
US	4.51	4.50	(1)
UK	4.81	4.75	(5)
Germany	2.95	2.92	(3)
Japan	2.68	2.68	0
China	1.73	1.74	1
India	6.87	6.87	(1)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	22-06-2026	23-06-2026	Change, bps
Tbill-91 days	5.22	5.21	(1)
Tbill-182 days	5.43	5.42	(1)
Tbill-364 days	5.65	5.64	(1)
G-Sec 2Y	6.03	5.96	(7)
India OIS-2M	5.39	5.39	0
India OIS-9M	5.69	5.67	(2)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.61	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	22-06-2026	23-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.2)	(0.1)	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	19-06-2026	22-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	1,364.2	221.4	(1,142.8)
Debt	779.1	186.2	(592.9)
Equity	585.0	35.2	(549.9)
Mutual funds (Rs cr)	337.0	(1,084.1)	(1,421.0)
Debt	(2,777.0)	891.3	3,668.3
Equity	3,114.0	(1,975.3)	(5,089.3)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 18 and 19 Jun 2026

- Oil prices declined further on peace deal optimism and reports of opening of Strait of Hormuz.

Table 7 – Commodities

	22-06-2026	23-06-2026	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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