

**MORNING MOCHA**

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 ECONOMIST  
**Sonal Badhan**

US President in his State of the Union address reiterated his intent to solve the Iran crisis through diplomacy. On the macro front, US' Conference Board consumer confidence index increased by 2.2 points in Feb'26 to 91.2 from 89 in Jan'26. This was led by rise in expectations index, while present situation index declined. Fed minutes indicate that members remain concerned about sickness in US inflation and believe that disinflationary process may take longer than expected. They also remain split in their views regarding the direction of interest rates. Elsewhere in China, PBOC decided to hold its lending rates steady with 1Y LPR at 3% and 5Y LPR at 3.5%. In case of Australia, Jan'26 CPI remains elevated at 16-month high of 3.8% (unchanged from Dec'25), thus raising the probability of rate hike by RBA in May'26.

- Global equity indices closed mixed. US indices rebounded as concerns related to AI related disruptions eased, pushing technology related stocks higher. Nikkei surged by 0.8% with gains in real estate, banking and textile sector. On the other hand, Sensex declined by 1.3% with losses noted in IT and realty stocks. However, it is trading higher today in line with other Asian indices.

**Table 1 – Stock markets**

	23-02-2026	24-02-2026	Change, %
Dow Jones	48,804	49,175	0.8
S & P 500	6,838	6,890	0.8
FTSE	10,685	10,681	0
Nikkei	56,826	57,321	0.9
Hang Seng	27,082	26,590	(1.8)
Shanghai Comp	4,082	4,117	0.9
Sensex	83,295	82,226	(1.3)
Nifty	25,713	25,425	(1.1)

Source: Bloomberg, Bank of Baroda Research

- Except GBP (flat) and CNY (higher), other global currencies ended lower. Dollar index strengthened as Fed minutes tempered rate cut expectations. Yen was under pressure and slipped to a near 2-week low. INR depreciated despite lower oil prices. However, it is trading stronger today while other Asian currencies are trading mixed.

**Table 2 – Currencies**

	23-02-2026	24-02-2026	Change, %
EUR/USD (1 EUR / USD)	1.1785	1.1772	(0.1)
GBP/USD (1 GBP / USD)	1.3492	1.3489	0
USD/JPY (JPY / 1 USD)	154.65	155.87	(0.8)
USD/INR (INR / 1 USD)	90.88	90.95	(0.1)
USD/CNY (CNY / 1 USD)	6.9049	6.8823	0.3
DXY Index	97.71	97.84	0.1

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields closed mixed. 10Y yields in US and Germany remained steady, while yields in Japan and India fell. Investors are monitoring US President's State of the Union address, developments around negotiations with Iran and risks from sticky prices. India's 10Y also fell by 2bps, helped by decline in oil prices. It is trading at similar levels (6.68%) even today.

**Table 3 – Bond 10Y yield**

	23-02-2026	24-02-2026	Change, bps
US	4.03	4.03	0
UK	4.31	4.31	(1)
Germany	2.71	2.71	0
Japan	2.12	2.09	(3)
China	1.79	1.80	1
India	6.70	6.68	(2)

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	23-02-2026	24-02-2026	Change, bps
Tbill-91 days	5.29	5.26	(3)
Tbill-182 days	5.43	5.40	(3)
Tbill-364 days	5.48	5.45	(3)
G-Sec 2Y	5.70	5.62	(8)
India OIS-2M	5.31	5.30	(1)
India OIS-9M	5.41	5.42	1
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.66	3.66	0

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	23-02-2026	24-02-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.9	2.3	0.4

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	20-02-2026	23-02-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	70.7	419.9	349.2
Debt	97.6	(64.7)	(162.3)
Equity	(26.9)	484.6	511.5
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 &amp; 18 Feb 2026

- Oil prices fell further, as US and Iran prepare for third round of talks.

**Table 7 – Commodities**

	23-02-2026	24-02-2026	Change, %
Brent crude (US\$/bbl)	71.5	70.8	(1.0)
Gold (US\$/ Troy Ounce)	5,227.4	5,143.9	(1.6)
Copper (US\$/ MT)	12,784.9	13,078.3	2.3
Zinc (US\$/MT)	3,323.3	3,347.6	0.7
Aluminium (US\$/MT)	3,089.5	3,093.5	0.1

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](mailto:chief.economist@bankofbaroda.com)