

**MORNING MOCHA**

26 February 2026

**ECONOMIST**  
**Sonal Badhan**

In the State of the Union address, US President reiterated that the economy was doing well with growth remaining strong. He also advocated for some key changes that may be approved by the Congress including retirement savings plan for those who don't receive such benefits from their employer and ban institutional investors from buying single-family homes. No new tariffs were announced in the address implying that currently 10% effective tariff rate is in place, as the order of 15% tariffs is yet to be released. Separately in Europe, Germany confirmed that its GDP rose by 0.3% in Q4CY25, helped by private and government spending. Eurozone inflation slipped to 16-month low of 1.7% in Jan'26, down from 2% in Dec'25. This is the first time since May'25 when inflation has come below ECB's 2% target. This implies that ECB is likely to keep policy rates unchanged throughout 2026.

- Global indices closed higher in a relief rally. US indices advanced as investors monitored upbeat earnings report from a tech giant which also allayed fears of excessive spending on AI-related firms. Sensex rose, with gains in metal and auto stocks. It is trading higher today while other Asian stocks are trading lower.

**Table 1 – Stock markets**

	24-02-2026	25-02-2026	Change, %
Dow Jones	49,175	49,482	0.6
S & P 500	6,890	6,946	0.8
FTSE	10,681	10,806	1.2
Nikkei	57,321	58,583	2.2
Hang Seng	26,590	26,766	0.7
Shanghai Comp	4,117	4,147	0.7
Sensex	82,226	82,276	0.1
Nifty	25,425	25,483	0.2

Source: Bloomberg, Bank of Baroda Research

- Barring INR (flat) and JPY (lower) other global currencies closed higher. Dollar index weakened amidst uncertainty around tariffs and post the President's address on State of the Union. GBP edged up despite dovish remarks by BoE's chief. INR remained steady. However, it is trading weaker today while other Asian currencies are trading mixed.

**Table 2 – Currencies**

	24-02-2026	25-02-2026	Change, %
EUR/USD (1 EUR / USD)	1.1772	1.1810	0.3
GBP/USD (1 GBP / USD)	1.3489	1.3559	0.5
USD/JPY (JPY / 1 USD)	155.87	156.37	(0.3)
USD/INR (INR / 1 USD)	90.95	90.96	0
USD/CNY (CNY / 1 USD)	6.8823	6.8612	0.3
DXI Index	97.84	97.70	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Barring India and Germany, other global 10Y yields closed higher. 10Y yields in Japan rose the most as analysts continue to expect rate hike by BoJ in the coming month in the wake of elevated inflation. In the US, focus of investors was on President's State of the Union address and weak demand for treasury bills. India's 10Y was stable. However, it is trading a tad lower at 6.67% today.

**Table 3 – Bond 10Y yield**

	24-02-2026	25-02-2026	Change, bps
US	4.03	4.05	2
UK	4.31	4.32	1
Germany	2.71	2.71	0
Japan	2.09	2.14	5
China	1.80	1.81	1
India	6.68	6.68	0

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	24-02-2026	25-02-2026	Change, bps
Tbill-91 days	5.26	5.28	2
Tbill-182 days	5.40	5.50	10
Tbill-364 days	5.45	5.58	13
G-Sec 2Y	5.70	5.62	(8)
India OIS-2M	5.30	5.31	1
India OIS-9M	5.42	5.42	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.66	3.67	1

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	24-02-2026	25-02-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.3	2.3	0

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	23-02-2026	24-02-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	419.9	471.5	51.7
Debt	(64.7)	154.1	218.8
Equity	484.6	317.4	(167.1)
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 &amp; 18 Feb 2026

- Oil prices remain steady, as investors monitor probability of potential conflict in the Middle East.

**Table 7 – Commodities**

	24-02-2026	25-02-2026	Change, %
Brent crude (US\$/bbl)	70.8	70.9	0.1
Gold (US\$/ Troy Ounce)	5,143.9	5,164.8	0.4
Copper (US\$/ MT)	13,078.3	13,246.0	1.3
Zinc (US\$/MT)	3,347.6	3,358.9	0.3
Aluminium (US\$/MT)	3,093.5	3,170.5	2.5

Source: Bloomberg, Bank of Baroda Research



## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

**Chief Economist**

Bank of Baroda  
chief.economist@bankofbaroda.com