MORNING MOCHA

27 February 2026

ECONOMIST
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US initial jobless claims data for week ending 21 Feb 2026 rose by less than estimated (215k) to 212k from 208k last week. Continuing claims (4-week moving average) for week ending 14 Feb also remained broadly steady at 1.85mn versus 1.84mn in the previous week. Investors now await the release of PPI data which is expected to show inflation slowing to 0.3% in Jan'25 from 0.5% in Dec'25. Separately in Asia. Japan's retail sales surprised on the upside with 4% MoM growth in Jan'26 (est.: 1.5%), up from (-) 2% in Dec'25. In India, SEBI has announced some key changes for the mutual fund industry including, introduction of newer fund categories such as life-cycle funds and sectoral debt funds; allowing AMCs to offer both contra and value MFs; allowing AMCs to invest upto 35% in gold/silver/ETFs under equity related schemes. Analysts also await the release of new base GDP numbers today. We expect growth to range between 7.4-7.6% for FY26.

- Global indices closed mixed. S&P 500 slipped due to losses in tech related stocks. Nikkei advanced further with the focus shifting towards BoJ and the nomination of 2 members to the Board who have a dovish tilt. Sensex ended flat. It is trading lower while other Asian indices are trading mixed.

Table 1 – Stock markets

	25-02-2026	26-02-2026	Change, %
Dow Jones	49,482	49,499	0
S & P 500	6,946	6,909	(0.5)
FTSE	10,806	10,847	0.4
Nikkei	58,583	58,753	0.3
Hang Seng	26,766	26,381	(1.4)
Shanghai Comp	4,147	4,147	0
Sensex	82,276	82,249	0
Nifty	25,483	25,497	0.1

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed. The dollar index strengthened tracking labour market data. GBP fell amidst political risks and growing possibility of a rate cut in the Mar'26 meet, which will act as headwind. INR remained stable. However, it is trading weaker today while other Asian currencies are trading mixed.

Table 2 – Currencies

	25-02-2026	26-02-2026	Change, %
EUR/USD (1 EUR / USD)	1.1810	1.1797	(0.1)
GBP/USD (1 GBP / USD)	1.3559	1.3482	(0.6)
USD/JPY (JPY / 1 USD)	156.37	156.13	0.2
USD/INR (INR / 1 USD)	90.96	90.92	0
USD/CNY (CNY / 1 USD)	6.8612	6.8475	0.2
DXY Index	97.70	97.79	0.1

Source: Bloomberg, Bank of Baroda Research

- Global 10Y yields closed lower in advanced economies, while rose in emerging markets. US 10Y yield fell the most by 5bps, supported by robust demand for gilts. Also, investors await PPI data, which may indicate slowdown in wholesale inflation. India's 10Y rose by 2bps, ahead of weekly RBI auction today. It is trading further higher today at 6.70% today.

Table 3 – Bond 10Y yield

	25-02-2026	26-02-2026	Change, bps
US	4.05	4.00	(5)
UK	4.32	4.27	(4)
Germany	2.71	2.69	(2)
Japan	2.14	2.16	2
China	1.81	1.82	1
India	6.68	6.69	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	25-02-2026	26-02-2026	Change, bps
Tbill-91 days	5.28	5.27	(1)
Tbill-182 days	5.50	5.46	(4)
Tbill-364 days	5.58	5.55	(3)
G-Sec 2Y	5.70	5.62	(8)
India OIS-2M	5.31	5.32	1
India OIS-9M	5.42	5.42	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.67	3.67	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	25-02-2026	26-02-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.3	2.1	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	24-02-2026	25-02-2026	change (US$ mn/Rs cr)
FII (US$ mn)	471.5	246.7	(224.9)
Debt	154.1	126.5	(27.6)
Equity	317.4	120.1	(197.3)
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 edge lower, as investors monitor indirect talks between US and Iran.

Table 7 – Commodities

	25-02-2026	26-02-2026	Change, %
Brent crude (US$/bbl)	70.9	70.8	(0.1)
Gold (US$/ Troy Ounce)	5,164.8	5,185.0	0.4
Copper (US$/ MT)	13,246.0	13,235.0	(0.1)
Zinc (US$/MT)	3,358.9	3,361.5	0.1
Aluminium (US$/MT)	3,170.5	3,157.5	(0.4)

Source: Bloomberg, Bank of Baroda Research

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