

MORNING MOCHA

29 June 2026

 ECONOMIST
Sonal Badhan

US and Iran agreed to resume peace talks in Qatar and stop any military action for now, thus leading to notable decline in oil prices (~4%). For now, US has signalled that the vessels can pass through freely. On the macro front, US trade deficit rose in May'26 to US\$ 105.8bn (est.: US\$ 85bn) from US\$ 82.4bn last month. Imports reported significant increase, while exports fell. Also, University of Michigan's consumer sentiment index remained weak at 49.5 in Jun'26, lower than estimated 50. The current condition index fell, while expectations index improved. 1Y inflation expectations remained sticky at 4.6%. In contrast, ECB's inflation expectation survey has reported moderating expectations (1Y down to 3.5% in May'26 from 4% earlier) driven by easing tensions in the Middle East. In China, industrial profits have recorded an increased on YTD basis to 18.8% in May'26 from 18.2% till Apr'26.

- Asian stocks fell at the sharpest pace tracking news of conflict between US and Iran. Apart from this, expectation of correction in AI-driven rally and cautious approach ahead of central bankers meeting (ECB forum) has kept investors on an edge. Asian stocks are trading mixed today while Sensex is trading lower.

Table 1 – Stock markets

	25-06-2026	26-06-2026	Change, %
Dow Jones	51,921	51,876	(0.1)
S & P 500	7,357	7,354	0
FTSE	10,530	10,508	(0.2)
Nikkei	72,366	69,361	(4.2)
Hang Seng	23,077	22,672	(1.8)
Shanghai Comp	4,120	4,027	(2.3)
Sensex	76,991	77,100	0.1
Nifty	24,022	24,056	0.1

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 26 June 2026

- Global currencies closed mixed against the US\$. DXY fell by 0.1%, as dip in oil prices is making case for less aggressive rate hikes by US Fed. Yen was stable even as Tokyo inflation accelerated. INR rose by 0.3%, helped by improved oil supplies. It is trading further stronger today, in line with other Asian currencies.

Table 2 – Currencies

	25-06-2026	26-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1370	1.1384	0.1
GBP/USD (1 GBP / USD)	1.3192	1.3200	0.1
USD/JPY (JPY / 1 USD)	161.79	161.74	0
USD/INR (INR / 1 USD)	94.66	94.40	0.3
USD/CNY (CNY / 1 USD)	6.7975	6.8004	0
DXY Index	101.43	101.36	(0.1)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 26 June 2026



- US 10Y yield softened as University of Michigan sentiment index moderated. UK's 10Y yield rose by 3bps as BoE officials signalled that El Nino could pose threat to inflation going forward. Elsewhere, 10Y yield traded in a narrow range. India's 10Y yield is trading stable at 6.77% today.

Table 3 – Bond 10Y yield

	25-06-2026	26-06-2026	Change, bps
US	4.39	4.37	(2)
UK	4.70	4.73	3
Germany	2.86	2.85	(1)
Japan	2.63	2.62	(1)
China	1.73	1.73	(1)
India	6.80	6.77	(3)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 26 June 2026

Table 4 – Short term rates

	24-06-2026	25-06-2026	Change, bps
Tbill-91 days	5.24	5.21	(3)
Tbill-182 days	5.44	5.42	(2)
Tbill-364 days	5.62	5.60	(2)
G-Sec 2Y	5.95	5.95	0
India OIS-2M	5.36	5.35	(1)
India OIS-9M	5.62	5.61	(1)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.64	2

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 26 June 2026

Table 5 – Liquidity

Rs tn	24-06-2026	25-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.1)	(0.4)	(0.3)

Source: RBI, Bank of Baroda Research| Note: Markets in India were closed on 26 June 2026

Table 6 – Capital market flows

	23-06-2026	24-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	149.7	1,018.3	868.7
Debt	119.0	881.2	762.3
Equity	30.7	137.1	106.4
Mutual funds (Rs cr)	(1,034.8)	1,643.3	2,678.1
Debt	(2,249.0)	2,397.7	4,646.7
Equity	1,214.2	(754.5)	(1,968.6)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 22 and 23Jun 2026; Markets in India were closed on 26 June 2026

- Oil prices softened in the last session tracking signals from US-Iran peace deal.

Table 7 – Commodities

	25-06-2026	26-06-2026	Change, %
Brent crude (US\$/bbl)	75.3	72.0	(4.3)
Gold (US\$/ Troy Ounce)	4,026.7	4,088.7	1.5
Copper (US\$/ MT)	13,227.6	13,335.9	0.8
Zinc (US\$/MT)	3,441.5	3,482.8	1.2
Aluminium (US\$/MT)	3,164.5	3,179.5	0.5

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