

MORNING MOCHA

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 ECONOMIST
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Global markets continue to monitor ongoing developments between US and Iran, as both nations recently concluded indirect talks in Qatar, with Strait of Hormuz remaining the focus of these discussions. As a result, oil prices have slipped to a 4-month low. Separately, on macro front, the new Fed chief in his latest commentary at the ECB forum downplayed any concerns of job losses due to AI. He further opined that even though inflation outlook has improved, he made no specific comments on rate action. The focus will shift towards the jobs report (non-farm payrolls) which might offer some guidance on rate trajectory. The ADP (private) payrolls data reflected that the jobs in the private sector had grown at a much slower pace at 98,000 against est; 110,000 and was even lower than the 122,000 jobs added in May'26. The job addition was uneven in Jun'26, with education and health services leading the gain.

- Global indices closed mixed. US stocks closed mixed as investors monitored comments by Fed chair and awaited jobs report. Nikkei advanced with gains in real estate and banking stocks. Sensex rebounded led by a rally in real estate and auto stocks. It is trading higher today while Asian indices are trading mixed.

Table 1 – Stock markets

	30-06-2026	01-07-2026	Change, %
Dow Jones	52,319	52,305	0
S & P 500	7,499	7,483	(0.2)
FTSE	10,497	10,478	(0.2)
Nikkei	70,062	70,475	0.6
Hang Seng	23,027	22,881	(0.6)
Shanghai Comp	4,094	4,112	0.4
Sensex	76,479	76,923	0.6
Nifty	23,866	24,006	0.6

Source: Bloomberg, Bank of Baroda Research

- Except JPY (flat) and GBP (higher), global currencies fell against the US\$. DXY rose further, tracking gains in US treasury yields. INR depreciated the most due to stronger US\$ and capital outflows. However, it is trading much stronger today (supported by softer oil prices), in line with other Asian currencies.

Table 2 – Currencies

	30-06-2026	01-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1422	1.1377	(0.4)
GBP/USD (1 GBP / USD)	1.3262	1.3275	0.1
USD/JPY (JPY / 1 USD)	162.55	162.58	0
USD/INR (INR / 1 USD)	94.67	95.25	(0.6)
USD/CNY (CNY / 1 USD)	6.7870	6.7909	(0.1)
DXY Index	101.19	101.33	0.1

Source: Bloomberg, Bank of Baroda Research



- Barring UK and India, other global 10Y yields inched up. US10Y yield rose a tad as investors analysed mixed signals (Fed President's statement; and less than expected increase in private employment and ISM manufacturing). Japan's bond yield reacted to growing fiscal concerns. India's 10Y yield closed stable at 6.75% and is trading even lower today at 6.73%, noting continued dip in oil prices.

Table 3 – Bond 10Y yield

	30-06-2026	01-07-2026	Change, bps
US	4.47	4.48	1
UK	4.76	4.76	0
Germany	2.86	2.88	2
Japan	2.68	2.71	3
China	1.73	1.74	1
India	6.75	6.75	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	30-06-2026	01-07-2026	Change, bps
Tbill-91 days	5.23	5.24	1
Tbill-182 days	5.30	5.45	15
Tbill-364 days	5.50	5.61	11
G-Sec 2Y	5.99	5.97	(2)
India OIS-2M	5.35	5.35	0
India OIS-9M	5.61	5.63	2
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.68	6

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	30-06-2026	01-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.1	0.9	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	29-06-2026	30-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	466.7	97.3	(369.4)
Debt	242.5	285.5	43.1
Equity	224.2	(188.3)	(412.5)
Mutual funds (Rs cr)	2,222.6	(187.6)	(2,410.2)
Debt	(1,825.5)	(1,941.3)	(115.8)
Equity	4,048.1	1,753.7	(2,294.4)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 25 and 29 Jun 2026

- Oil prices retreated further, as news reports indicate progress in US-Iran talks.

Table 7 – Commodities

	30-06-2026	01-07-2026	Change, %
Brent crude (US\$/bbl)	72.9	71.6	(1.9)
Gold (US\$/ Troy Ounce)	4,008.0	4,030.7	0.6
Copper (US\$/ MT)	13,348.9	13,249.2	(0.7)
Zinc (US\$/MT)	3,573.9	3,513.6	(1.7)
Aluminium (US\$/MT)	3,085.5	3,076.0	(0.3)

Source: Bloomberg, Bank of Baroda Research



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