MORNING MOCHA

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ECONOMIST
Aditi Gupta

Global markets traded cautiously as investors monitored heightened tensions between US and Iran and the possibility of another US government shutdown also weighed on market sentiments. Macro data showed a drop in US weekly jobless claims by 1,000 to 209,000. US trade deficit widened to a near 34-year high at 56.8bn in Nov'25, amidst a surge in capital goods imports. US factory orders rose by 2.7% in Nov'25, after declining by 1.2% in Oct'25 led by higher demand for commercial aircrafts. In Japan, both retail sales and industrial production declined, while the jobless rate held steady. Core inflation in Tokyo eased to 2% in Jan'26 from 2.3% in Dec'25, largely due to base effect. The data underscores views that the BoJ is likely to move cautiously on rates. In India, Economic Survey pegged GDP growth for FY27 at 6.8-7.2%. Potential growth has been estimated at 7%.

- Barring S&P 500 (lower) and Nikkei (flat), global indices closed higher. Among Asian stocks, Hang Seng continued its 7-day rally, tracking the listing of first gold ETF. S&P 500 moderated monitoring major macro releases in the US. Sensex inched up, led by metal and power stocks. It is trading lower today, in line with other Asian stocks.

Table 1 – Stock markets

	28-01-2026	29-01-2026	Change, %
Dow Jones	49,016	49,072	0.1
S & P 500	6,978	6,969	(0.1)
FTSE	10,154	10,172	0.2
Nikkei	53,359	53,376	0
Hang Seng	27,827	27,968	0.5
Shanghai Comp	4,151	4,158	0.2
Sensex	82,345	82,566	0.3
Nifty	25,343	25,419	0.3

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY declined by 0.2% as investors monitored US macro data. EUR rose by 0.1% as Eurozone's consumer confidence index improved in Jan'26. INR depreciated to a record low as oil prices increased. However, it is trading stronger today, while Asian currencies are trading mixed.

Table 2 – Currencies

	28-01-2026	29-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1954	1.1971	0.1
GBP/USD (1 GBP / USD)	1.3808	1.3809	0
USD/JPY (JPY / 1 USD)	153.41	153.11	0.2
USD/INR (INR / 1 USD)	91.79	91.96	(0.2)
USD/CNY (CNY / 1 USD)	6.9484	6.9524	(0.1)
DXY Index	96.45	96.28	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Global yields closed mixed. Investors remained cautious over independence of Fed. UK's 10Y yield softened the most followed by Germany, over risk-off sentiments. In Japan 10Y yield rose by 2bps tracking the movement of yen. India's 10Y yield closed stable awaiting the Budget announcement. It is trading a tad higher at 6.71% today.

Table 3 – Bond 10Y yield

	28-01-2026	29-01-2026	Change, bps
US	4.24	4.23	(1)
UK	4.54	4.51	(3)
Germany	2.86	2.84	(2)
Japan	2.24	2.26	2
China	1.82	1.82	0
India	6.70	6.70	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	28-01-2026	29-01-2026	Change, bps
Tbill-91 days	5.48	5.47	(1)
Tbill-182 days	5.67	5.63	(4)
Tbill-364 days	5.72	5.72	0
G-Sec 2Y	5.86	5.85	(1)
India OIS-2M	5.37	5.37	0
India OIS-9M	5.51	5.51	0
SONIA int rate benchmark	3.73	3.72	0
US SOFR	3.66	3.64	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	28-01-2026	29-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.7	0.8	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	27-01-2026	28-01-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(681.3)	633.9	1,315.1
Debt	(194.6)	46.0	240.6
Equity	(486.6)	587.9	1,074.5
Mutual funds (Rs cr)	(2,021.1)	(6,310.4)	(4,289.2)
Debt	(5,198.9)	(9,274.7)	(4,075.8)
Equity	3,177.8	2,964.4	(213.4)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 22 Jan and 23 Jan 2026

- Oil prices rose to a 6-month high amidst US-Iran tensions.

Table 7 – Commodities

	28-01-2026	29-01-2026	Change, %
Brent crude (US$/bbl)	68.4	70.7	3.4
Gold (US$/ Troy Ounce)	5,417.2	5,375.2	(0.8)
Copper (US$/ MT)	12,985.4	13,524.2	4.1
Zinc (US$/MT)	3,331.9	3,389.6	1.7
Aluminium (US$/MT)	3,257.0	3,218.5	(1.2)

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