

MORNING MOCHA

30 January 2026

ECONOMIST
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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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