

**MORNING MOCHA**

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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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