

MORNING MOCHA

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ECONOMIST

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In further sign of de-escalation, negotiators from US and Iran are expected to meet this week in Qatar. However, there is no specific schedule that has been finalised so far with regards to this meeting. The uncertainty has highlighted the fragility of the US-Iran accord, oil prices as a result inched up. On the macro front, China's official manufacturing PMI expanded to 50.3 in Jun'26, up from 50 level in May'26. This indicated strong improvement in production activity along with recovering demand. Even non-manufacturing activity edged up in Jun'26 to 50.2 (from 50.1). Overall, composite PMI was up to 50.6 in Jun'26 (from 50.5), supported by pickup in business activity. Separately, in Britain, the PM-in waiting, stated that he will change the ongoing 'business as usual' approach and promised to provide 'biggest rebalancing power' to Britain during his tenure.

- Global indices closed mixed as investors monitored the ongoing developments in the Middle East. US indices edged up with investors turning their focus towards upcoming payrolls report. Sensex was down with losses in auto and oil & gas stocks. It is trading lower today in line with other Asian indices.

Table 1 – Stock markets

	26-06-2026	29-06-2026	Change, %
Dow Jones	51,876	52,183	0.6
S & P 500	7,354	7,440	1.2
FTSE	10,508	10,484	(0.2)
Nikkei	69,361	69,468	0.2
Hang Seng	22,672	23,027	1.6
Shanghai Comp	4,027	4,074	1.2
Sensex	77,100	76,728	(0.5)
Nifty	24,056	23,946	(0.5)

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

- Except JPY and INR (weaker), other global currencies closed higher against the US\$. DXY fell by another 0.2%, noting easing geo-political tensions in West Asia. JPY continues to slide and investors await BoJ intervention measures to stabilise Yen. INR fell by 0.1%, despite positive global trends. It is trading further lower today, while other Asian currencies are trading stronger.

Table 2 – Currencies

	26-06-2026	29-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1384	1.1422	0.3
GBP/USD (1 GBP / USD)	1.3200	1.3258	0.4
USD/JPY (JPY / 1 USD)	161.74	161.94	(0.1)
USD/INR (INR / 1 USD)	94.40	94.54	(0.1)
USD/CNY (CNY / 1 USD)	6.8004	6.7964	0.1
DXY Index	101.36	101.11	(0.2)

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



- Global yields closed mixed. Investors remain cautious ahead of release of US jobs data and outcome of talks between US and Iran. In the UK, yields traded lower, tracking weaker than expected macro data (slowdown in net unsecured lending, consumer lending and mortgage approvals). In India, 10Y yield fell by 2bps, following dip in oil prices. It is trading at unchanged levels today (6.75%).

Table 3 – Bond 10Y yield

	26-06-2026	29-06-2026	Change, bps
US	4.37	4.37	1
UK	4.73	4.72	(1)
Germany	2.85	2.86	1
Japan	2.62	2.64	2
China	1.73	1.72	(1)
India	6.77	6.75	(2)

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

Table 4 – Short term rates

	26-06-2026	29-06-2026	Change, bps
Tbill-91 days	5.21	5.38	17
Tbill-182 days	5.42	5.41	(1)
Tbill-364 days	5.60	5.60	0
G-Sec 2Y	5.95	5.95	0
India OIS-2M	5.33	5.36	3
India OIS-9M	5.61	5.62	1
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.64	3.62	(2)

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

Table 5 – Liquidity

Rs tn	25-06-2026	29-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.4)	(0.1)	0.3

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

Table 6 – Capital market flows

	24-06-2026	25-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	1,018.3	643.0	(375.4)
Debt	881.2	477.2	(404.1)
Equity	137.1	165.8	28.7
Mutual funds (Rs cr)	1,643.3	930.9	(712.4)
Debt	2,397.7	(1,382.2)	(3,779.9)
Equity	(754.5)	2,313.1	3,067.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 23 and 24Jun 2026; Markets in India were closed on 26 June 2026

- Oil prices rose, as investors analyse the risks associated with shipping using the Strait of Hormuz, amidst the fragile ceasefire between US and Iran.

Table 7 – Commodities

	26-06-2026	29-06-2026	Change, %
Brent crude (US\$/bbl)	72.0	73.2	1.6
Gold (US\$/ Troy Ounce)	4,088.7	4,015.9	(1.8)
Copper (US\$/ MT)	13,335.9	13,252.8	(0.6)
Zinc (US\$/MT)	3,482.8	3,488.1	0.2
Aluminium (US\$/MT)	3,179.5	3,088.0	(2.9)

Source: Bloomberg, Bank of Baroda Research



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