MORNING MOCHA

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Global markets monitored Fed policy decision and waited for cues on future trajectory of Fed fund rate. The rate decision of status quo (10-2 vote) remained broadly in line. Though the Fed Chair refrained from any communication, yet his statement signalled rate hike in Dec'26 reiterating price stability on the back of a resilient economy. Now markets will be closely monitoring ECB and BoJ policy decision, where status quo is anticipated. On macro front, UK Autumn Budget was the key focus. Several consumer centric measures ranging from one-off £100 payment for up to 20 mn households in certain tax bands, removal of fixed daily fees on gas bills and VAT cut, amongst others were announced. On domestic front, IIP growth in H1FY27 was higher at 6.8% compared to 4.4% in FYTD26, buoyed by manufacturing and electricity and gas supply.

- Barring markets in India, stock indices recovered elsewhere. US stocks were supported by Fed's decision to hold rates, and better than expected earnings of tech companies. Nikkei rose the most, led by revival in AI optimism. Sensex fell by (-) 0.5%, dragged by losses in technology and oil & gas stocks. However, it is trading higher today, while other Asian indices are trading lower.

Table 1 – Stock markets

	27-10-2026	28-10-2026	Change, %
Dow Jones	52,378	52,475	0.2
S & P 500	7,723	7,744	0.3
FTSE	10,687	10,695	0.1
Nikkei	63,268	63,954	1.1
Hang Seng	23,041	23,095	0.2
Shanghai Comp	3,648	3,681	0.9
Sensex	73,599	73,246	(0.5)
Nifty	22,750	22,699	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Except CNY and INR, other major global currencies closed higher against the US$. DXY fell by 0.1% as Fed decided to keep rates on hold for now. GBP rose by 0.2% as UK FM presented a growth-oriented budget. INR fell as oil prices inched up. It is stable today, while Asian currencies are trading mixed.

Table 2 – Currencies

	27-10-2026	28-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1125	1.1154	0.3
GBP/USD (1 GBP / USD)	1.3306	1.3327	0.2
USD/JPY (JPY / 1 USD)	157.95	157.84	0.1
USD/INR (INR / 1 USD)	95.12	95.23	(0.1)
USD/CNY (CNY / 1 USD)	6.6665	6.6660	0
DXY Index	102.32	102.19	(0.1)

Source: Bloomberg, Bank of Baroda Research

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- Except UK (lower), global 10Y yields continued to trade in a narrow range. US 10Y yield rose slightly by 2bps as rate hike probability in Dec'26 was raised to 78.4% (CME Fedwatch tool data). UK 10Y yield softened albeit a growth-oriented budget. India's 10Y yield closed stable. It is trading lower at 7.4%.

Table 3 – Bond 10Y yield

	27-10-2026	28-10-2026	Change, bps
US	5.00	5.02	2
UK	5.35	5.32	(3)
Germany	3.36	3.37	1
Japan	2.81	2.83	2
China	1.62	1.62	0
India	7.44	7.44	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	27-10-2026	28-10-2026	Change, bps
Tbill-91 days	5.87	5.93	6
Tbill-182 days	6.24	6.53	29
Tbill-364 days	6.47	6.65	18
G-Sec 2Y	7.00	7.03	3
India OIS-2M	5.88	5.90	2
India OIS-9M	6.49	6.52	3
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.93	3.95	2

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	27-10-2026	28-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.3	0.1	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	26-10-2026	27-10-2026	change (US$ mn/Rs cr)
FII (US$ mn)	2.9	911.3	908.3
Debt	104.2	(200.9)	(305.1)
Equity	(101.3)	1,112.2	1,213.5
Mutual funds (Rs cr)	(11,868.7)	(6,818.0)	5,050.7
Debt	(13,695.5)	(9,620.3)	4,075.2
Equity	1,826.8	2,802.3	975.5

Source: Bloomberg, Bank of Baroda Research, Note: Mutual fund data as of 22nd and 23rd Oct

- Oil price rose once again, tracking attacks on Saudi Arabia's oil refineries, and amidst news of renewed attacks on Iran after US mid-term elections.

Table 7 – Commodities

	27-10-2026	28-10-2026	Change, %
Brent crude (US$/bbl)	113.9	115.3	1.3
Gold (US$/ Troy Ounce)	4,060.1	4,067.4	0.2
Copper (US$/ MT)	14,670.4	14,682.2	0.1
Zinc (US$/MT)	3,947.7	3,961.5	0.3
Aluminium (US$/MT)	3,087.0	3,073.0	(0.5)

Source: Bloomberg, Bank of Baroda Research

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