

MORNING MOCHA

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ECONOMIST

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News report of the former Federal reserve Governor Kevin Warsh being chosen to succeed the current Fed Chief, by the US President, impacted global markets. Notably, metal sector was the worst hit, with gold prices tumbling down by 8.9% in a single day and silver down by more than 30%, due to extreme volatility. In the US, PPI remained steady at 3% in Dec'25, while core PPI surged to 3.3% from 3% in Nov'25 and was much higher than anticipated. Separately, EU's GDP expanded by 1.4% in Q4 (from 1.6% in Q3) and inflation in Germany climbed up to 2.1% in Jan'26 from 1.8% in Dec'25. In India, the Union Budget was announced with key focus on manufacturing, defence and MSMEs. This week, the focus would shift towards US jobs data, global PMIs and monetary policy decision by ECB and BoE.

- Barring FTSE, other global indices closed lower as investors' monitored uncertainty pertaining to tariffs from the US. Amongst other indices, Hang Seng dropped the most. FTSE inched up supported by gains in banking stocks. On the other hand, Sensex dropped by 0.4% with losses noted in metal and oil & gas stocks. It is trading higher today, while other Asian stocks are trading lower.

Table 1 – Stock markets

	29-01-2026	30-01-2026	Change, %
Dow Jones	49,072	48,892	(0.4)
S & P 500	6,969	6,939	(0.4)
FTSE	10,172	10,224	0.5
Nikkei	53,376	53,323	(0.1)
Hang Seng	27,968	27,387	(2.1)
Shanghai Comp	4,158	4,118	(1.0)
Sensex	82,566	82,270	(0.4)
Nifty	25,419	25,321	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other currencies depreciated. DXY rose sharply by 0.7% as investor concern eased following the announcement of new Fed Chair. JPY and EUR fell the most. INR closed flat-at record low levels. However, following the announcement of Union budget, it is trading stronger today, while Asian currencies are trading mixed.

Table 2 – Currencies

	29-01-2026	30-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1971	1.1851	(1.0)
GBP/USD (1 GBP / USD)	1.3809	1.3686	(0.9)
USD/JPY (JPY / 1 USD)	153.11	154.78	(1.1)
USD/INR (INR / 1 USD)	91.96	91.99	0
USD/CNY (CNY / 1 USD)	6.9524	6.9569	(0.1)
DXY Index	96.28	96.99	0.7

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y treasury yield was steady, balancing the impact of higher-than-expected PPI and easing fears over Fed's independence. Yields in UK remained higher, awaiting BoE's rate decision later this week. India's 10Y yield closed stable. It is trading higher today at 6.75% post the budget announcement.

Table 3 – Bond 10Y yield

	29-01-2026	30-01-2026	Change, bps
US	4.23	4.24	0
UK	4.51	4.52	1
Germany	2.84	2.84	0
Japan	2.26	2.25	(1)
China	1.82	1.81	(1)
India	6.70	6.70	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	29-01-2026	30-01-2026	Change, bps
Tbill-91 days	5.47	5.42	(5)
Tbill-182 days	5.63	5.63	0
Tbill-364 days	5.72	5.71	(1)
G-Sec 2Y	5.85	5.82	(2)
India OIS-2M	5.37	5.41	4
India OIS-9M	5.51	5.50	(1)
SONIA int rate benchmark	3.72	3.72	0
US SOFR	3.64	3.65	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	29-01-2026	30-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.8	1.5	0.7

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	28-01-2026	29-01-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	633.9	134.6	(499.3)
Debt	46.0	142.4	96.4
Equity	587.9	(7.9)	(595.7)
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 were steady but hovered near 6-month high price amidst US-Iran tensions.

Table 7 – Commodities

	29-01-2026	30-01-2026	Change, %
Brent crude (US\$/bbl)	70.7	70.7	0
Gold (US\$/ Troy Ounce)	5,375.2	4,894.2	(8.9)
Copper (US\$/ MT)	13,524.2	13,067.6	(3.4)
Zinc (US\$/MT)	3,389.6	3,393.6	0.1
Aluminium (US\$/MT)	3,218.5	3,144.0	(2.3)

Source: Bloomberg, Bank of Baroda Research



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