MORNING MOCHA

30 October 2026

Economist
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Global markets traded cautiously amidst reports of anticipated military strikes by the US on Iran. International crude price also rose by 1.2% to trade at ~ 116/bbl in today's session. On macro front, US GDP annualised QoQ (Q3 advance estimate) inched up to 3.4% (previous level of 2.2%). US Core PCE data inched up to 3.1% on YoY basis in Sep'26 (previous reading: 3.0%). However, on a QoQ basis, core PCE is losing steam, which will be closely watched by Fed. In Japan, CPI inched up to 2.8% and core CPI was a tad lower at 2.6%. On monetary policy front, BoJ kept rates steady with a 8-1 vote and hinted that it would triple the pace of sales of ETFs. However, going by the inflation trajectory, market is pricing a rate action in Dec'26. ECB also left rates unchanged with no further rate action expected in CY26. On domestic front, Index of Services Production showed buoyancy with 13 out of the 19 sub-sectors showing double-digit growth in Aug'26.

- Global markets ended mixed as focus remained on AI valuation. US stocks declined, led by technology stocks, as investors assessed earnings reports. However, Sensex ended in green led by gains in real estate and FMCG stocks. It is trading further higher today, while other Asian stocks are trading lower.

Table 1 – Stock markets

	28-10-2026	29-10-2026	Change, %
Dow Jones	52,475	52,343	(0.3)
S & P 500	7,744	7,720	(0.3)
FTSE	10,695	10,722	0.3
Nikkei	63,954	64,659	1.1
Hang Seng	23,095	22,959	(0.6)
Shanghai Comp	3,681	3,651	(0.8)
Sensex	73,246	74,151	1.2
Nifty	22,699	22,937	1.0

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies ended stronger against the dollar. DXY declined despite higher-than-expected GDP growth in the US. Expectations of imminent rate hikes pushed EUR and GBP higher. INR closed broadly steady. It is trading stronger today, in line with other Asian currencies.

Table 2 – Currencies

	28-10-2026	29-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1154	1.1180	0.2
GBP/USD (1 GBP / USD)	1.3327	1.3376	0.4
USD/JPY (JPY / 1 USD)	157.84	157.71	0.1
USD/INR (INR / 1 USD)	95.23	95.26	0
USD/CNY (CNY / 1 USD)	6.6660	6.6611	0.1
DXY Index	102.19	102.04	(0.2)

Source: Bloomberg, Bank of Baroda Research

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- Global yields broadly softened amidst risk off sentiments. US 10Y yield fell at the sharpest pace as core PCE on a QoQ basis is losing momentum. Status quo decisions by ECB and BoJ also kept yields lower for major economies, hinting at cautiousness. India's 10Y yield fell by 5bps taking global cues. It is trading at 7.4% today.

Table 3 – Bond 10Y yield

	28-10-2026	29-10-2026	Change, bps
US	5.02	4.94	(8)
UK	5.32	5.29	(3)
Germany	3.37	3.36	(2)
Japan	2.83	2.85	2
China	1.62	1.62	(1)
India	7.44	7.39	(5)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	28-10-2026	29-10-2026	Change, bps
Tbill-91 days	5.93	5.90	(3)
Tbill-182 days	6.53	6.53	-
Tbill-364 days	6.65	6.66	1
G-Sec 2Y	7.03	7.03	-
India OIS-2M	5.90	5.89	(1)
India OIS-9M	6.52	6.53	1
SONIA int rate benchmark	3.73	3.73	(0)
US SOFR	3.95	3.94	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	28-10-2026	29-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.1	0.3	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	27-10-2026	28-10-2026	change (US$ mn/Rs cr)
FII (US$ mn)	911.3	298.6	(612.6)
Debt	(200.9)	75.5	276.5
Equity	1,112.2	223.1	(889.1)
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 dipped amidst reports of possible peace talks between US and Iran. However, it is trading higher today amidst news of renewed uncertainty

Table 7 – Commodities

	28-10-2026	29-10-2026	Change, %
Brent crude (US$/bbl)	115.3	114.9	(0.4)
Gold (US$/ Troy Ounce)	4,067.4	4,021.5	(1.1)
Copper (US$/ MT)	14,682.2	14,579.2	(0.7)
Zinc (US$/MT)	3,961.5	3,983.1	0.5
Aluminium (US$/MT)	3,073.0	3,078.5	0.2

Source: Bloomberg, Bank of Baroda Research

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