MORNING MOCHA

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ECONOMIST
Jahnavi Prabhakar

In macro news, US GDP moderated to 0.5% in Q4CY25 from 4.4% in Q3. The loss in momentum was due to consumer spending growth revised down to 1.9% as demand for good and services cooled down. Government shutdown remained a major factor that impacted growth, government spending and investment dropping down to 5.6%. Due to weaker global demand, exports were down by 3.2% (biggest drop since CY23) and imports too declined. On the labour market front, weekly jobless claims inched up by 16k to 219k. Despite the increase, the claims remained in the 200-250k bracket, signalling labour market remains steady. Separately, US PCE inflation inched up 0.4% (0.3% in Jan'26) on MoM basis and by 2.8% in Feb'26 on annualised basis. Core PCE advanced by 3% (3.1% in Jan'26). In China, PPI inched up by 0.5% after declining by 0.9% in Feb'26.

- Barring US indices, other global indices closed lower as investors tracked ongoing developments in West Asia. Sensex dropped the most amongst other indices, with deep losses noted in auto and banking stocks. However, it is trading higher today in line with other Asian indices.

Table 1 – Stock markets

	08-04-2026	09-04-2026	Change, %
Dow Jones	47,910	48,186	0.6
S & P 500	6,783	6,825	0.6
FTSE	10,609	10,603	(0.1)
Nikkei	56,308	55,895	(0.7)
Hang Seng	25,893	25,752	(0.5)
Shanghai Comp	3,995	3,966	(0.7)
Sensex	77,563	76,632	(1.2)
Nifty	23,997	23,775	(0.9)

Source: Bloomberg, Bank of Baroda Research

- Except EUR and GBP, other global currencies closed weaker/flat. DXY fell to its lowest since early Mar'25 tracking increased bets of rate cut by Fed. GBP and EUR rose, as investors remain cautious amidst ongoing developments in the West Asia crisis. INR depreciated by 0.1%, noting rise in oil prices. However, it is trading stronger today, even as other Asian currencies are trading mixed.

Table 2 – Currencies

	08-04-2026	09-04-2026	Change, %
EUR/USD (1 EUR / USD)	1.1663	1.1699	0.3
GBP/USD (1 GBP / USD)	1.3394	1.3436	0.3
USD/JPY (JPY / 1 USD)	158.57	158.96	(0.2)
USD/INR (INR / 1 USD)	92.58	92.66	(0.1)
USD/CNY (CNY / 1 USD)	6.8327	6.8307	0
DXY Index	99.13	98.89	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Barring US, other global 10Y yields ended higher/flat. US 10Y yield was down by 2bps following increased investor demand as bets on rate cut by Fed increased. Downward revision to Q4CY25 GDP print also supported the argument. However, sticky Feb'26 PCE data indicates otherwise. In India, 10Y yield rose by 6bps, noting revival in oil prices. It is trading higher today at 6.97%.

Table 3 – Bond 10Y yield

	08-04-2026	09-04-2026	Change, bps
US	4.29	4.28	(2)
UK	4.71	4.75	4
Germany	2.94	2.99	4
Japan	2.37	2.39	2
China	1.81	1.81	0
India	6.90	6.96	6

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	08-04-2026	09-04-2026	Change, bps
Tbill-91 days	5.30	5.26	(4)
Tbill-182 days	5.51	5.39	(12)
Tbill-364 days	5.61	5.60	(1)
G-Sec 2Y	6.10	6.11	1
India OIS-2M	5.35	5.34	(1)
India OIS-9M	5.69	5.67	(2)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.59	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	08-04-2026	09-04-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	4.6	4.6	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	07-04-2026	08-04-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(938.8)	(148.0)	790.7
Debt	(206.3)	2.7	209.0
Equity	(732.5)	(150.8)	581.8
Mutual funds (Rs cr)	6,112.9	9,630.5	3,517.6
Debt	31.4	5,946.2	5,914.8
Equity	6,081.5	3,684.4	(2,397.1)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 1st & 2nd Apr 2026

- Oil prices rebounded, as uncertainty remains around the ceasefire deal between US and Iran.

Table 7 – Commodities

	08-04-2026	09-04-2026	Change, %
Brent crude (US$/bbl)	94.8	95.9	1.2
Gold (US$/ Troy Ounce)	4,719.2	4,766.9	1.0
Copper (US$/ MT)	12,611.9	12,585.9	(0.2)
Zinc (US$/MT)	3,268.2	3,304.5	1.1
Aluminium (US$/MT)	3,455.0	3,444.0	(0.3)

Source: Bloomberg, Bank of Baroda Research

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For further details about this publication, please contact:

Chief Economist
Bank of Baroda
chief.economist@bankofbaroda.com