बैंक ऑफ़ बड़ौदा Bank of Baroda

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Uncertainty around the re-opening of Strait of Hormuz remains. So far, no breakthrough has been achieved, which is concerning for the investors. As a result, oil prices remain elevated. On the macro front, non-farm payrolls in the US fell by 23k in Jul'26 (est.: 80k increase), following downwardly revised increase of 20k in Jun'26. Hirings in local education and leisure and hospitality sectors slowed the most. Unemployment rate has fallen to 4.1% in Jul'26 from 4.2% earlier, due to shrinking workforce, mainly led by stricter enforcement of immigration policies. Wage growth (average hourly earnings YoY) has also slowed to 3.2% in Jul'26 from 3.4% in Jun'26. Noting these factors, probability of rate hike by Fed in Sep'26 has come down to 46% from 67% a week ago. Separately in China, PPI growth in Jul'26 came in at 3.5%, down from 4.1% last month, and CPI moderated to 0.5% from 1% earlier.

- Barring Nikkei and domestic indices, other global indices closed higher. US indices advanced as rate hike expectations faded amidst weaker jobs data. Shanghai Comp was the biggest gainer. On the other hand, Sensex slipped with losses in consumer durables and banking stocks. It is trading lower today while other Asian indices are trading mixed.

Table 1 – Stock markets

	06-08-2026	07-08-2026	Change, %
Dow Jones	53,885	54,037	0.3
S & P 500	7,710	7,758	0.6
FTSE	10,868	10,901	0.3
Nikkei	65,683	65,607	(0.1)
Hang Seng	25,530	25,668	0.5
Shanghai Comp	3,900	3,940	1.0
Sensex	78,955	78,499	(0.6)
Nifty	24,636	24,571	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies closed higher. Greenback slipped, led by weaker than expected jobs print and ahead of inflation data. Yen inched up amidst the news of another possible intervention. INR closed stable. It is trading marginally weaker today while other Asian currencies are trading mixed.

Table 2 – Currencies

	06-08-2026	07-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1525	1.1559	0.3
GBP/USD (1 GBP / USD)	1.3455	1.3491	0.3
USD/JPY (JPY / 1 USD)	158.43	157.76	0.4
USD/INR (INR / 1 USD)	95.23	95.21	0
USD/CNY (CNY / 1 USD)	6.7513	6.7454	0.1
DXY Index	99.93	99.54	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Major global yields closed mixed. Yields fell in US and Europe. Weaker than expected US jobs data and hourly wage growth has lowered the probability of Fed rate hike. In Germany, weak industrial production and moderation in exports impacted investor sentiments. India's 10Y yield remained unchanged despite rising oil prices. It is trading steady at 6.77% even today.

Table 3 – Bond 10Y yield

	06-08-2026	07-08-2026	Change, bps
US	4.68	4.65	(3)
UK	4.94	4.92	(2)
Germany	3.14	3.13	(1)
Japan	2.79	2.81	2
China	1.71	1.71	0
India	6.77	6.77	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	06-08-2026	07-08-2026	Change, bps
Tbill-91 days	5.26	5.25	(1)
Tbill-182 days	5.51	5.52	1
Tbill-364 days	5.67	5.68	1
G-Sec 2Y	6.13	6.12	(1)
India OIS-2M	5.30	5.30	0
India OIS-9M	5.65	5.65	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.64	3.65	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	06-08-2026	07-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.6	3.5	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	05-08-2026	06-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(9.3)	56.8	66.1
Debt	(46.0)	7.8	53.8
Equity	36.7	49.0	12.3
Mutual funds (Rs cr)	(2,159.2)	451.9	2,611.1
Debt	(1,387.2)	(26.4)	1,360.9
Equity	(772.0)	478.2	1,250.2

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 30 Jul and 31 Jul 2026

- Oil prices rose further, tracking revival in tensions in the Strait of Hormuz.

Table 7 – Commodities

	06-08-2026	07-08-2026	Change, %
Brent crude (US$/bbl)	82.5	83.6	1.3
Gold (US$/ Troy Ounce)	4,239.4	4,341.6	2.4
Copper (US$/ MT)	14,226.6	14,190.6	(0.3)
Zinc (US$/MT)	3,829.2	3,759.2	(1.8)
Aluminium (US$/MT)	3,259.0	3,280.0	0.6

Source: Bloomberg, Bank of Baroda Research

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