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Economist
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Global markets showed some correction amidst AI driven optimism and reports of technical talks progressing between US and Iran. On macro front, US initial jobless claims for the week ending 4 Jul 2026 moderated a tad to 215K compared to previous level of 217K. 4-week moving average initial claims was also slightly lower at 218K. Thus, buoyant labour market demand may further push Fed to take call on rates apart from the inflation factor. Existing home sales declined by -2.4% to 4.1mn in Jun'26, amidst fluctuation in mortgage rates. Germany's trade surplus rose to €19.1bn compared to previous revised level of € 14.7bn as imports softened sequentially and exports picked pace. In Japan, PPI picked up by 7.1% in Jun'26 on YoY basis and sequentially at a softer pace by 0.4%. On monetary policy front, ECB minutes remained hawkish and signalled that policy bias remains on the upside. On domestic front, CPI data will be closely watched.

- Except FTSE and Hang Seng, global indices ended higher. Investors brushed off escalating tensions in the Middle East in favour of an AI driven rally. Stocks in China and Japan rose the most. Sensex edged up by 0.3%, led by gains in real estate stocks. It is trading higher today, in line with other Asian markets.

Table 1 – Stock markets

	8-07-2026	9-07-2026	Change, %
Dow Jones	52,348	52,487	0.3
S & P 500	7,483	7,544	0.8
FTSE	10,489	10,472	(0.2)
Nikkei	66,819	67,744	1.4
Hang Seng	24,199	24,030	(0.7)
Shanghai Comp	3,971	4,037	1.7
Sensex	76,504	76,742	0.3
Nifty	23,882	23,963	0.3

Source: Bloomberg, Bank of Baroda Research

- Global currencies appreciated against a weaker dollar. GBP rose as BoE's Chief Economist pressed on the need for rate hikes. EUR also appreciated tracking hawkish undertones in ECB policy minutes. INR rose by 0.2%. It is trading stronger today, in line with Asian peers.

Table 2 – Currencies

	8-07-2026	9-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1417	1.1430	0.1
GBP/USD (1 GBP / USD)	1.3389	1.3408	0.1
USD/JPY (JPY / 1 USD)	162.59	162.38	0.1
USD/INR (INR / 1 USD)	95.56	95.39	0.2
USD/CNY (CNY / 1 USD)	6.8060	6.7922	0.2
DXY Index	100.99	100.90	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Global yields broadly softened amidst expectation of some resolution in conflict between US and Iran. The downward correction in oil prices also supported yields. UK's 10Y yield softened the most albeit BoE Chief Economist hinting at higher rates, going forward. India's 10Y yield fell a tad. It is trading lower at 6.73% today.

Table 3 – Bond 10Y yield

	8-07-2026	9-07-2026	Change, bps
US	4.58	4.55	(3)
UK	4.97	4.90	(8)
Germany	3.09	3.08	(1)
Japan	2.87	2.88	0
China	1.73	1.73	0
India	6.76	6.75	(1)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	8-07-2026	9-07-2026	Change, bps
Tbill-91 days	5.29	5.28	(1)
Tbill-182 days	5.47	5.46	(1)
Tbill-364 days	5.65	5.63	(2)
G-Sec 2Y	5.99	6.01	3
India OIS-2M	5.37	5.37	0
India OIS-9M	5.66	5.68	2
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.58	(4)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	8-07-2026	9-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.7	1.1	0.4

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	7-07-2026	8-07-2026	change (US$ mn/Rs cr)
FII (US$ mn)	297.9	999.0	701.2
Debt	133.1	2.6	(130.5)
Equity	164.8	996.5	831.7
Mutual funds (Rs cr)	(3,862.5)	(6,977.8)	(3,115.3)
Debt	(1,478.8)	(10,366.6)	(8,887.8)
Equity	(2,383.7)	3,388.8	5,772.5

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 3rd & 6th Jul 2026

- Oil prices declined as investors expect recent hostilities between US and Iran to be short-lived.

Table 7 – Commodities

	8-07-2026	9-07-2026	Change, %
Brent crude (US$/bbl)	78.0	76.3	(2.2)
Gold (US$/ Troy Ounce)	4,077.4	4,123.6	1.1
Copper (US$/ MT)	13,097.2	13,439.8	2.6
Zinc (US$/MT)	3,520.4	3,648.7	3.6
Aluminium (US$/MT)	3,132.0	3,200.5	2.2

Source: Bloomberg, Bank of Baroda Research

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