

MORNING MOCHA

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 ECONOMIST
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On geopolitical front, tensions flared up with reports of US forces carrying out military strikes against Iran. The response to oil prices was limited (trading at US\$ 92/bbl).

On macro front, US existing home sales rose sequentially higher by 3.2% to 4.17mn in May'26. After China Taiwan's exports also grew at a sharp pace by 51%, YoY, in May'26, led by buoyant pickup in tech exports. S. Korea's Q1 provisional estimate of GDP grew by 3.8%, higher than previous level of 3.6%. Germany's industrial production picked up by 0.4% sequentially, for the first time since Nov'26. Japan's PPI rose at a softer pace by 0.9%, sequentially, but on a YoY basis it is higher at 6.3% in May'26. China PPI also firmed up by 3.9%, on YoY basis compared to previous level of 2.8%. CPI was stable at 1.2%. On domestic front, reports suggested that government is weighing in measures to boost foreign capital.

- Global indices ended mixed. Investors continue to monitor developments in the geo-political situation. In the US, S&P 500 ended lower led by losses in tech stocks. In UK, FTSE dipped by 1.4% with sharp losses noted in energy stocks. Sensex rose by 0.5% supported by gains in banking and real estate stocks. It is trading further higher today, while other Asian markets are trading mostly lower.

Table 1 – Stock markets

	08-06-2026	09-06-2026	Change, %
Dow Jones	50,786	50,872	0.2
S & P 500	7,406	7,387	(0.3)
FTSE	10,373	10,227	(1.4)
Nikkei	64,025	65,417	2.2
Hang Seng	24,657	24,566	(0.4)
Shanghai Comp	3,959	4,010	1.3
Sensex	73,524	73,919	0.5
Nifty	23,123	23,242	0.5

Source: Bloomberg, Bank of Baroda Research

- Except JPY, other global currencies gained as dollar eased. DXY fell by 0.3% as investors turned focus towards US CPI report. EUR rose by 0.1% as traders widely expect the ECB to raise rates this week. INR appreciated by 0.4% as oil prices eased. However, it is trading weaker today, in line with its Asian peers.

Table 2 – Currencies

	08-06-2026	09-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1534	1.1543	0.1
GBP/USD (1 GBP / USD)	1.3340	1.3380	0.3
USD/JPY (JPY / 1 USD)	160.16	160.36	(0.1)
USD/INR (INR / 1 USD)	95.71	95.36	0.4
USD/CNY (CNY / 1 USD)	6.7833	6.7746	0.1
DXY Index	100.05	99.77	(0.3)

Source: Bloomberg, Bank of Baroda Research



- Except China (tad higher), global yields broadly closed lower amidst risk off sentiments over flared up tensions in the Middle East. US 10Y yield fell at the sharpest pace by 5bps followed by UK and Japan. India's 10Y yield fell by 5bps amidst expectation of further measures by government to boost foreign capital inflow. It is trading at 6.92% today.

Table 3 – Bond 10Y yield

	08-06-2026	09-06-2026	Change, bps
US	4.56	4.52	(5)
UK	4.94	4.90	(4)
Germany	3.06	3.04	(2)
Japan	2.73	2.68	(4)
China	1.73	1.74	1
India	6.95	6.91	(5)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	08-06-2026	09-06-2026	Change, bps
Tbill-91 days	5.32	5.30	(2)
Tbill-182 days	5.66	5.51	(15)
Tbill-364 days	5.91	5.92	1
G-Sec 2Y	6.20	6.17	(3)
India OIS-2M	5.38	5.37	(1)
India OIS-9M	5.85	5.80	(4)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.63	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	08-06-2026	09-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	1.5	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	05-06-2026	08-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(382.5)	(184.2)	198.3
Debt	489.5	353.2	(136.3)
Equity	(872.0)	(537.4)	334.6
Mutual funds (Rs cr)	423.5	2,101.3	1,677.8
Debt	(2,362.3)	(5,851.1)	(3,488.8)
Equity	2,785.9	7,952.5	5,166.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 4th and 5th Jun 2026

- Global oil prices eased following data showing a decline in China's crude oil imports.

Table 7 – Commodities

	08-06-2026	09-06-2026	Change, %
Brent crude (US\$/bbl)	94.3	91.5	(3.0)
Gold (US\$/ Troy Ounce)	4,330.2	4,260.9	(1.6)
Copper (US\$/ MT)	13,592.1	13,573.3	(0.1)
Zinc (US\$/MT)	3,517.9	3,538.9	0.6
Aluminium (US\$/MT)	3,604.0	3,547.5	(1.6)

Source: Bloomberg, Bank of Baroda Research



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