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Continued impasse between the US and Iran is leading to increase in international oil prices. Most recently, US has rejected Iran's demands to reach the peace deal. Iran on the other hand has once again threatened to start the war in case the US naval blockade is not called off through negotiations. On the macro front, Singapore has revised Q2CY26 GDP print upwards to 5.9% versus est.: 5.8% and advance estimate of 5.7%. This is on the back of stronger investments in AI and milder impact of war in the Middle East. As a result, forecast for CY26 growth has also been revised higher to 4.5-5.5%, from 2-4% earlier. Separately, Japan has registered 22.5% (YoY) rise in current account surplus to ¥ 17.4tn, supported by rise in goods trade balance and primary income. Also, South Korea's exports in 1st 10 days of Aug'26 have risen by 45.3%, driven by demand for chips, reflecting AI boom.

- Barring Asian indices, other global indices closed lower. FTSE fell the most, dragged by metal and technology stocks. US indices too closed lower, tracking uncertainty around the resolution of West Asia crisis. On the other hand, Sensex rose, led by gains real estate and consumer durable stocks. However, it is trading lower today, in line with other Asian indices.

Table 1 – Stock markets

	07-08-2026	10-08-2026	Change, %
Dow Jones	54,037	53,976	(0.1)
S & P 500	7,758	7,753	(0.1)
FTSE	10,901	10,863	(0.4)
Nikkei	65,607	66,970	2.1
Hang Seng	25,668	25,937	1.0
Shanghai Comp	3,940	3,967	0.7
Sensex	78,499	78,542	0.1
Nifty	24,571	24,584	0.1

Source: Bloomberg, Bank of Baroda Research

- Major global currencies closed mixed. DXY rose by 0.3%, as a deadlock between US and Iran has pushed oil prices higher and uncertainty has grown around the reopening of the Strait of Hormuz. Yen fell the most. INR closed 0.1% lower. It is trading even weaker today, in line with other Asian currencies.

Table 2 – Currencies

	07-08-2026	10-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1559	1.1543	(0.1)
GBP/USD (1 GBP / USD)	1.3491	1.3507	0.1
USD/JPY (JPY / 1 USD)	157.76	159.29	(1.0)
USD/INR (INR / 1 USD)	95.21	95.30	(0.1)
USD/CNY (CNY / 1 USD)	6.7454	6.7463	0
DXY Index	99.54	99.81	0.3

Source: Bloomberg, Bank of Baroda Research

- Except China and India, other major global yields closed higher. Yields in UK and the US rose the most. Sharp rise in international oil prices has impacted investor sentiments. Also, investors await US CPI and PPI print for more cues on Fed's rate trajectory. India's 10Y yield remained unchanged, however, it is trading higher today at 6.79%, following global cues.

Table 3 – Bond 10Y yield

	07-08-2026	10-08-2026	Change, bps
US	4.65	4.71	6
UK	4.92	4.99	7
Germany	3.13	3.18	5
Japan	2.81	2.83	2
China	1.71	1.70	0
India	6.77	6.76	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	07-08-2026	10-08-2026	Change, bps
Tbill-91 days	5.25	5.27	2
Tbill-182 days	5.52	5.52	0
Tbill-364 days	5.68	5.66	(2)
G-Sec 2Y	6.12	6.13	1
India OIS-2M	5.30	5.29	(1)
India OIS-9M	5.65	5.65	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.62	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	07-08-2026	10-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.5	3.2	(0.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	06-08-2026	07-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	56.8	248.2	191.4
Debt	7.8	141.0	133.2
Equity	49.0	107.2	58.2
Mutual funds (Rs cr)	(1,079.0)	(2,333.6)	(1,254.6)
Debt	(3,148.4)	(6,548.8)	(3,400.4)
Equity	2,069.5	4,215.2	2,145.8

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 5 Aug and 6 Aug 2026

- Oil prices continue to climb, tracking standoff between US and Iran over the peace deal.

Table 7 – Commodities

	07-08-2026	10-08-2026	Change, %
Brent crude (US$/bbl)	83.6	87.7	5.0
Gold (US$/ Troy Ounce)	4,341.6	4,391.0	1.1
Copper (US$/ MT)	14,190.6	14,334.2	1.0
Zinc (US$/MT)	3,759.2	3,794.7	0.9
Aluminium (US$/MT)	3,280.0	3,317.5	1.1

Source: Bloomberg, Bank of Baroda Research

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