

MORNING MOCHA

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 ECONOMIST
 Dipanwita Mazumdar

Geopolitical tensions heightened with reports of US striking multiple targets in Iran in retaliation to Iran's attack. International crude prices went up by 1.8% to US\$ 95 /bbl in today's session following reports of halt of all vessels through the Strait of Hormuz. On macro front, US CPI rose to its 3-year high of 4.2%, in May'26, on YoY basis. Sequentially it rose by 0.5% with 60% of the monthly increase attributable to the rise in energy index. Core CPI was at 2.9%, YoY, and sequentially picked up by 0.2%. On monetary policy front, Bank of Canada left its policy rate unchanged to better assess the growth-inflation dynamics. However, inflation is expected to hover at ~ 3% in the near term compared to 2% earlier. On domestic front, markets will wait for the CPI data (BoB est. 4.1%) for any cues on yield movement.

- Except FTSE and Sensex, other global indices ended weaker amidst heightened tensions between US and Iran. Investors also monitored US CPI inching above the 4% mark. US indices ended sharply lower. Sensex rose marginally as FMCG stocks gained. It is however trading in red today, in line with other Asian markets.

Table 1 – Stock markets

	09-06-2026	10-06-2026	Change, %
Dow Jones	50,872	49,919	(1.9)
S & P 500	7,387	7,267	(1.6)
FTSE	10,227	10,255	0.3
Nikkei	65,417	64,179	(1.9)
Hang Seng	24,566	24,408	(0.6)
Shanghai Comp	4,010	3,993	(0.4)
Sensex	73,919	73,983	0.1
Nifty	23,242	23,215	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Global currencies traded narrowly as investors monitored geo-political developments and US CPI report. Most global currencies depreciated due to heightened uncertainty and risk-off sentiments. However, INR appreciated by 0.1%. It is trading weaker today, in line with other Asian currencies.

Table 2 – Currencies

	09-06-2026	10-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1543	1.1535	(0.1)
GBP/USD (1 GBP / USD)	1.3380	1.3368	(0.1)
USD/JPY (JPY / 1 USD)	160.36	160.55	(0.1)
USD/INR (INR / 1 USD)	95.36	95.27	0.1
USD/CNY (CNY / 1 USD)	6.7746	6.7754	0
DXY Index	99.91	99.95	0

Source: Bloomberg, Bank of Baroda Research



- Global yields showed stickiness as geopolitical tensions heightened, stoking inflationary concerns. US 10Y yield rose at the sharpest pace by 4bps following CPI report which showed the impact of West Asia crisis on energy inflation. UK, Germany and India's 10Y yield rose by 3bps each. India's 10Y yield is trading at the same level today.

Table 3 – Bond 10Y yield

	09-06-2026	10-06-2026	Change, bps
US	4.52	4.55	4
UK	4.90	4.93	3
Germany	3.04	3.08	3
Japan	2.68	2.69	1
China	1.74	1.74	1
India	6.91	6.94	3

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	09-06-2026	10-06-2026	Change, bps
Tbill-91 days	5.30	5.30	0
Tbill-182 days	5.51	5.50	(1)
Tbill-364 days	5.92	5.90	(2)
G-Sec 2Y	6.17	6.26	9
India OIS-2M	5.37	5.38	0
India OIS-9M	5.80	5.86	6
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.60	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	09-06-2026	10-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.5	1.5	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	08-06-2026	09-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(184.2)	(185.4)	(1.1)
Debt	353.2	220.9	(132.3)
Equity	(537.4)	(406.3)	131.1
Mutual funds (Rs cr)	2,101.3	(1,393.0)	(3,494.3)
Debt	(5,851.1)	(3,558.4)	2,292.7
Equity	7,952.5	2,165.5	(5,787.0)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 5th and 8th Jun 2026

- Oil prices rose by 1.8% as tensions between US and Iran escalated.

Table 7 – Commodities

	09-06-2026	10-06-2026	Change, %
Brent crude (US\$/bbl)	91.5	93.1	1.8
Gold (US\$/ Troy Ounce)	4,260.9	4,072.3	(4.4)
Copper (US\$/ MT)	13,573.3	13,466.2	(0.8)
Zinc (US\$/MT)	3,538.9	3,474.2	(1.8)
Aluminium (US\$/MT)	3,547.5	3,466.0	(2.3)

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