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Investors continued to monitor developments in West Asia, as possibility of peace negotiations faded. Oil prices inched up as Iran said that the Strait of Hormuz will remain shut. Markets mostly drifted lower amidst the continued impasse. US inflation report due later in the week is likely to shed more light on the trajectory of Fed rates. Reserve Bank of Australia left its policy rate unchanged at 4.35%, while acknowledging that rates could rise further if inflation continues to trend upwards. Separately, US existing home sales declined by 1.7% to 4.06mn units in Jul'26 (est. 4.05mn), due to higher mortgage rates and house prices. In India, focus will be on the CPI print for Jul'26. We expect CPI inflation at 4.5%, with some upside risks.

- Global stocks ended weaker as hopes of a peace deal between US and Iran faded. US stocks ended lower ahead of key inflation readings. Amongst major indices, Hang Seng declined the most. Sensex too declined following global cues. Losses were concentrated in the real estate, capital goods and power sectors. It is trading further lower today, while other Asian indices are trading mixed.

Table 1 – Stock markets

	10-08-2026	11-08-2026	Change, %
Dow Jones	53,976	53,792	(0.3)
S & P 500	7,753	7,728	(0.3)
FTSE	10,863	10,844	(0.2)
Nikkei	65,607	66,970	2.1
Hang Seng	25,937	25,653	(1.1)
Shanghai Comp	3,967	3,934	(0.8)
Sensex	78,542	78,154	(0.5)
Nifty	24,584	24,472	(0.5)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 11 Aug 2026

- Except INR other global currencies traded in narrow ranges as traders awaited more clarity on the situation in West Asia. DXY was broadly steady ahead of US inflation data. INR depreciated by 0.2% as oil prices inched up further. It is trading marginally stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	10-08-2026	11-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1543	1.1542	0
GBP/USD (1 GBP / USD)	1.3507	1.3507	0
USD/JPY (JPY / 1 USD)	159.29	159.28	0
USD/INR (INR / 1 USD)	95.30	95.45	(0.2)
USD/CNY (CNY / 1 USD)	6.7463	6.7456	0
DXY Index	99.81	99.83	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 11 Aug 2026

- Global yields closed mixed. While 10Y yields in US, UK and Germany declined, India's 10Y yield inched up. US 10Y yield declined by 2bps awaiting US inflation report. India's 10Y yield rose marginally by 1bps tracking higher oil prices. It is trading flat at 6.78% today ahead of CPI data.

Table 3 – Bond 10Y yield

	10-08-2026	11-08-2026	Change, bps
US	4.71	4.69	(2)
UK	4.99	4.96	(2)
Germany	3.18	3.16	(2)
Japan	2.83	2.83	0
China	1.70	1.71	0
India	6.76	6.78	1

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 11 Aug 2026

Table 4 – Short term rates

	10-08-2026	11-08-2026	Change, bps
Tbill-91 days	5.27	5.24	(3)
Tbill-182 days	5.52	5.54	2
Tbill-364 days	5.66	5.67	1
G-Sec 2Y	6.13	6.17	4
India OIS-2M	5.29	5.29	0
India OIS-9M	5.65	5.66	1
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.63	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	10-08-2026	11-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.2	3.3	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	07-08-2026	10-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	248.2	426.0	177.7
Debt	141.0	57.9	(83.2)
Equity	107.2	368.1	260.9
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 continued to rise amidst continued blockade of Strait of Hormuz.

Table 7 – Commodities

	10-08-2026	11-08-2026	Change, %
Brent crude (US$/bbl)	87.7	88.9	1.4
Gold (US$/ Troy Ounce)	4,391.0	4,370.1	(0.5)
Copper (US$/ MT)	14,334.2	14,352.4	0.1
Zinc (US$/MT)	3,794.7	3,798.3	0.1
Aluminium (US$/MT)	3,317.5	3,364.0	1.4

Source: Bloomberg, Bank of Baroda Research

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