

MORNING MOCHA

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 ECONOMIST
 Dipanwita Mazumdar

Global markets remained cautious eyeing geopolitical tensions globally. Within days of the Venezuela crisis, political unrest in Iran resurfaced over possible government crackdown. The repercussion was felt in major global asset classes. Gold and silver are trading at record high levels in today's session. DXY is also hovering at its 1-month high. International crude prices also firmed up. Among major data releases in the US, consumer credit edged down and housing starts showed sequential decline. Labour market conditions remained weak with change in non-farm payroll rising at a moderate pace by 50K against previous month's of 64K. This has built up hopes of a softer monetary policy by Fed with two rate cuts priced in this year. On domestic front, CPI data is scheduled to be released, which is expected to be below RBI's lower tolerance band of 2% (BoB est.: 1.4%).

- Stocks in the US rose as investors assessed the jobs report and its implication for Fed policy. Nikkei rose by 1.6%, led by gains in real estate and banking stocks. Chinese stocks found comfort from an uptick in CPI data. Sensex remained under pressure and dipped by 0.7%. Real estate and power stocks led the decline. It is trading further lower today, in line with other Asian peers.

Table 1 – Stock markets

	08-1-2026	09-01-2026	Change, %
Dow Jones	49,266	49,504	0.5
S & P 500	6,921	6,966	0.6
FTSE	10,045	10,125	0.8
Nikkei	51,117	51,940	1.6
Hang Seng	26,149	26,232	0.3
Shanghai Comp	4,083	4,120	0.9
Sensex	84,181	83,576	(0.7)
Nifty	25,877	25,683	(0.7)

Source: Bloomberg, Bank of Baroda Research

- Except CNY, global currencies depreciated against the dollar. DXY rose by 0.2% tracking the labour report. JPY declined on reports of a possible snap parliamentary election. INR depreciated by 0.2% on persistent FPI outflows and tariff jitters. It is trading further weaker today, in line with Asian currencies.

Table 2 – Currencies

	08-1-2026	09-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1660	1.1637	(0.2)
GBP/USD (1 GBP / USD)	1.3439	1.3404	(0.3)
USD/JPY (JPY / 1 USD)	156.87	157.89	(0.6)
USD/INR (INR / 1 USD)	90.03	90.17	(0.2)
USD/CNY (CNY / 1 USD)	6.9845	6.9783	0.1
DXY Index	98.93	99.13	0.2

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. Markets remained cautious over questions of Fed's independence and persistent geopolitical tensions globally. UK's 10Y yield fell the most amidst risk off sentiments. US 10Y yield closed stable eyeing host of data releases. India's 10Y yield inched up a tad eyeing the auction results of reissued securities. It is trading at 6.63% today.

Table 3 – Bond 10Y yield

	08-1-2026	09-01-2026	Change, bps
US	4.17	4.17	0
UK	4.40	4.37	(3)
Germany	2.86	2.86	0
Japan	2.08	2.10	2
China	1.89	1.87	(1)
India	6.63	6.64	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	08-1-2026	09-01-2026	Change, bps
Tbill-91 days	5.29	5.31	2
Tbill-182 days	5.51	5.53	2
Tbill-364 days	5.56	5.56	0
G-Sec 2Y	5.81	5.80	0
India OIS-2M	5.32	5.34	2
India OIS-9M	5.43	5.44	1
SONIA int rate benchmark	3.72	3.72	0
US SOFR	3.65	3.64	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	08-1-2026	09-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.2)	0.2	0.4

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	07-1-2026	08-1-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	40.2	(338.0)	(378.2)
Debt	244.7	74.7	(170.0)
Equity	(204.5)	(412.7)	(208.2)
Mutual funds (Rs cr)	(4,176.1)	(2,022.2)	2,153.9
Debt	(4,579.7)	(2,865.8)	1,713.9
Equity	403.6	843.6	440.0

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

- Oil prices rose on supply concerns amid tensions in Iran and Russia-Ukraine.

Table 7 – Commodities

	08-1-2026	09-01-2026	Change, %
Brent crude (US\$/bbl)	62.0	63.3	2.2
Gold (US\$/ Troy Ounce)	4,477.7	4,509.5	0.7
Copper (US\$/ MT)	12,737.3	13,039.9	2.4
Zinc (US\$/MT)	3,092.4	3,109.5	0.6
Aluminium (US\$/MT)	3,091.0	3,136.0	1.5

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