

**MORNING MOCHA**

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ECONOMIST

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After 2-straight days of conflict, US President spoke of an imminent peace deal. This comforted majority market indices. Oil prices dipped tad below US\$ 90/bbl. On macro front, initial jobless claims for the week ending 6 Jun rose slightly higher to 229K. However, the 4-week moving average number was stable at 219K. PPI remained firm at 6.5% in May'26, on YoY basis, compared to previous reading of 5.7%. Sequentially it rose by 1.1%. Core PPI (excl. food and energy) was stable at 4.9%, YoY, and sequentially rose at a softer pace by 0.4%. On monetary policy front, ECB raised its policy rate by 25bps, for the first time since CY23, flagging inflationary concerns. Real GDP for CY26 was revised downward to 0.8% from 0.9% earlier. For CPI, it was revised higher to 3% from earlier forecast of 2.6%. Going by the policy statement, investors are pricing in two more rate hikes in the near term.

- Global indices ended mixed. Stocks in AEs rose tracking comments from the US President stating that a peace deal could be signed this weekend. S&P500 rose by 1.9%, and Dow Jones gained 1.8%. On the other hand, Asian markets were generally subdued. Sensex slipped by 0.2% as capital goods and power stocks declined. It is however trading higher today, in line with other Asian stocks.

**Table 1 – Stock markets**

	10-06-2026	11-06-2026	Change, %
Dow Jones	49,919	50,849	1.9
S & P 500	7,267	7,394	1.8
FTSE	10,255	10,304	0.5
Nikkei	64,179	64,217	0.1
Hang Seng	24,408	24,249	(0.7)
Shanghai Comp	3,993	3,987	(0.2)
Sensex	73,983	73,833	(0.2)
Nifty	23,215	23,162	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies ended stronger. DXY slid as investors monitored US President's comments and PPI report. EUR rose by 0.4% after ECB hiked rates. INR depreciated due to strong dollar demand from importers. However, it is trading stronger today, in line with other Asian currencies.

**Table 2 – Currencies**

	10-06-2026	11-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1535	1.1578	0.4
GBP/USD (1 GBP / USD)	1.3368	1.3417	0.4
USD/JPY (JPY / 1 USD)	160.55	159.93	0.4
USD/INR (INR / 1 USD)	95.27	95.76	(0.5)
USD/CNY (CNY / 1 USD)	6.7754	6.7746	0
DXY Index	99.95	99.86	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Except Japan and China, global yields moderated. US 10Y yield softened by 9bps as inflationary concerns subsided over likely peace deal between US and Iran. Even 10Y yield in Germany and UK eased albeit ECB raising rates for the first time since CY23. India's 10Y yield fell by 2bps tracking decline in oil prices. It is trading 3bps lower at 6.89% today.

**Table 3 – Bond 10Y yield**

	10-06-2026	11-06-2026	Change, bps
US	4.55	4.46	(9)
UK	4.93	4.91	(3)
Germany	3.08	3.03	(4)
Japan	2.69	2.69	0
China	1.74	1.75	1
India	6.94	6.92	(2)

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	10-06-2026	11-06-2026	Change, bps
Tbill-91 days	5.30	5.25	(5)
Tbill-182 days	5.50	5.50	0
Tbill-364 days	5.90	5.85	(5)
G-Sec 2Y	6.17	6.26	9
India OIS-2M	5.38	5.38	0
India OIS-9M	5.86	5.84	(2)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.60	3.59	(1)

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	10-06-2026	11-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.5	1.6	0.1

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	09-06-2026	10-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(185.4)	(74.7)	110.6
Debt	220.9	76.3	(144.6)
Equity	(406.3)	(151.0)	255.3
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 softened as US President hinted at likely peace deal by this weekend.

**Table 7 – Commodities**

	10-06-2026	11-06-2026	Change, %
Brent crude (US\$/bbl)	93.1	90.4	(2.9)
Gold (US\$/ Troy Ounce)	4,072.3	4,212.3	3.4
Copper (US\$/ MT)	13,466.2	13,448.0	(0.1)
Zinc (US\$/MT)	3,474.2	3,494.6	0.6
Aluminium (US\$/MT)	3,466.0	3,502.0	1.0

Source: Bloomberg, Bank of Baroda Research



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