

**MORNING MOCHA**

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ECONOMIST

Jahnvi Prabhakar

As per the BLS, US inflation remained steady at 2.4% in Feb'26 (from 2.4% in Jan'26), in line with expectations. Core inflation also rose at a similar pace as in Jan'26 at 2.5%. With this, the energy index was up by 0.5% and food inflation inched up by 3.1% for the same period. On a MoM basis, CPI inched up by 0.3% from 0.2% in Jan'26. Gasoline prices during this period was up by 0.8% after declining for 2-straight amidst expectation of possible Middle East conflict. Separately, crude oil price yet again crossed the US\$ 100/bbl mark intraday before slipping down below the US\$ 95/bbl mark amidst the uncertainty over the prolonged West Asia conflict. The increase has been noted despite the historic release of reserves by the IEA given the closure of Strait of Hormuz.

- Barring Nikkei and Shanghai Comp, other global stocks indices closed lower as investors' continued to monitor developments in the Middle East. US indices were down as investors tracked inflation report. In India, Sensex slipped with deep losses in auto and banking stocks. It is trading lower today, in line with other Asian stocks.

**Table 1 – Stock markets**

	10-03-2026	11-03-2026	Change, %
Dow Jones	47,707	47,417	(0.6)
S & P 500	6,781	6,776	(0.1)
FTSE	10,412	10,354	(0.6)
Nikkei	54,248	55,025	1.4
Hang Seng	25,960	25,899	(0.2)
Shanghai Comp	4,123	4,133	0.2
Sensex	78,206	76,864	(1.7)
Nifty	24,262	23,867	(1.6)

Source: Bloomberg, Bank of Baroda Research

- Except GBP, other currencies continued to depreciate against the US\$. DXY rose by 0.4% as sticky inflation and rising oil prices suggest that Fed is unlikely to cut rates anytime soon (not until Jul'26 atleast). EUR and JPY were most hit. INR also fell, tracking rise in oil prices. It is trading further lower today, in line with other Asian currencies.

**Table 2 – Currencies**

	10-03-2026	11-03-2026	Change, %
EUR/USD (1 EUR / USD)	1.1611	1.1567	(0.4)
GBP/USD (1 GBP / USD)	1.3418	1.3412	0
USD/JPY (JPY / 1 USD)	158.05	158.95	(0.6)
USD/INR (INR / 1 USD)	91.81	92.04	(0.3)
USD/CNY (CNY / 1 USD)	6.8685	6.8741	(0.1)
DXY Index	98.83	99.23	0.4

Source: Bloomberg, Bank of Baroda Research



- Barring yields in Asia, other 10Y yield inched up. UK's 10Y bond yield rose the most (13bps), as rise in oil prices has again fuelled debate over BoE's rate trajectory. US 10Y yield rose by 7bps, noting stickiness in CPI inflation in Feb'26. India's 10Y yield fell by 4bps, awaiting retail inflation data. However, following global cues, it is trading higher today at 6.67%.

**Table 3 – Bond 10Y yield**

	10-03-2026	11-03-2026	Change, bps
US	4.16	4.23	7
UK	4.55	4.69	13
Germany	2.84	2.93	10
Japan	2.18	2.17	(1)
China	1.82	1.82	0
India	6.67	6.64	(4)

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	10-03-2026	11-03-2026	Change, bps
Tbill-91 days	5.30	5.31	1
Tbill-182 days	5.56	5.52	(4)
Tbill-364 days	5.61	5.64	3
G-Sec 2Y	5.81	5.83	2
India OIS-2M	5.39	5.38	(1)
India OIS-9M	5.60	5.62	2
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.64	(1)

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	10-03-2026	11-03-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.7	2.4	(0.3)

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	9-03-2026	10-03-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(829.8)	(846.6)	(16.8)
Debt	(117.9)	(248.9)	(131.0)
Equity	(711.9)	(597.7)	114.2
Mutual funds (Rs cr)	(3,352.1)	2,555.7	5,907.8
Debt	(7,377.3)	(5,793.5)	1,583.8
Equity	4,025.2	8,349.3	4,324.0

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 6<sup>th</sup> & 9<sup>th</sup> Mar 2026

- Crude oil prices rose amidst uncertainty over the ongoing war.

**Table 7 – Commodities**

	10-03-2026	11-03-2026	Change, %
Brent crude (US\$/bbl)	87.8	92.0	4.8
Gold (US\$/ Troy Ounce)	5,192.0	5,176.5	(0.3)
Copper (US\$/ MT)	13,047.6	12,940.1	(0.8)
Zinc (US\$/MT)	3,312.1	3,267.7	(1.3)
Aluminium (US\$/MT)	3,406.0	3,457.0	1.5

Source: Bloomberg, Bank of Baroda Research



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**Chief Economist**

Bank of Baroda  
chief.economist@bankofbaroda.com