

MORNING MOCHA

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Global market sentiments remained cautious tracking continued geo-political tensions in the Middle East. While increased hostilities continued between Saudi Arabia and Houthis, US President's announcement of an energy ceasefire between Russia and Ukraine tempered investor sentiments. On the macro front, University of Michigan's consumer sentiment index for US dipped to 46.3 in Oct'26 from 48.1 in Sep'26. This was largely led by a sharp drop in current economic condition index which slumped to a record low of 44.7. Consumers' inflation expectations for both 1Y and 5Y horizon edged up by 10bps to 4.7% and 3.5% respectively. In India, RBI announced several steps to support the rupee such as opening a special window to meet the dollar requirements of OMCs directly. Other measures aimed at controlling hedging and speculative bets. As a result, INR is trading about 1% stronger today.

- Barring Nikkei and Shanghai Comp (flat), other global indices closed higher. Investors tracked the announcement of energy ceasefire between Russia and Ukraine, which lifted sentiments. US indices inched up ahead of the earnings season and inflation report. Sensex too rose with broad based gains across sectors. However, it is trading lower today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	08-10-2026	09-10-2026	Change, %
Dow Jones	51,232	51,655	0.8
S & P 500	7,765	7,812	0.6
FTSE	10,442	10,552	1.1
Nikkei	69,042	69,031	0
Hang Seng	23,786	24,211	1.8
Shanghai Comp	3,812	3,814	0
Sensex	71,593	72,472	1.2
Nifty	22,232	22,520	1.3

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY rose tracking elevated US treasury yields. Investors await US inflation data due this week. JPY depreciated as Japan's household spending dipped. INR appreciated marginally, and is trading much stronger today supported by RBI measures.

Table 2 – Currencies

	08-10-2026	09-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1211	1.1200	(0.1)
GBP/USD (1 GBP / USD)	1.3228	1.3234	0
USD/JPY (JPY / 1 USD)	157.88	158.31	(0.3)
USD/INR (INR / 1 USD)	96.79	96.74	0.1
USD/CNY (CNY / 1 USD)	6.7035	6.6927	0.2
DXY Index	102.14	102.21	0.1

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. Japan's 10Y eased the most, followed by UK's 10Y yield. The moderation in Japan's yield was on account of investors turning cautious about the BoJ's tightening trajectory, with rates expected to remain unchanged in Oct'26. India's 10Y yield inched up tracking higher oil prices. It is trading further higher at 7.35% today.

Table 3 – Bond 10Y yield

	08-10-2026	09-10-2026	Change, bps
US	5.23	5.24	1
UK	5.48	5.44	(4)
Germany	3.50	3.48	(1)
Japan	3.09	3.02	(8)
China	1.68	1.68	0
India	7.29	7.30	1

Source: Bloomberg, Bank of Baroda Research:

Table 4 – Short term rates

	08-10-2026	09-10-2026	Change, bps
Tbill-91 days	5.52	5.38	(14)
Tbill-182 days	6.07	6.07	0
Tbill-364 days	6.26	6.26	0
G-Sec 2Y	6.78	6.79	1
India OIS-2M	5.54	5.53	(1)
India OIS-9M	6.11	6.08	(3)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.88	3.87	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	08-10-2026	09-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.9	3.7	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	07-10-2026	08-10-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(260.6)	(1,539.2)	(1,278.6)
Debt	376.5	(207.9)	(584.4)
Equity	(637.1)	(1,331.4)	(694.3)
Mutual funds (Rs cr)	8,502.5	1,725.2	(6,777.3)
Debt	3,438.4	243.9	(3,194.4)
Equity	5,064.1	1,481.3	(3,582.8)

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

- Oil prices remained volatile as fresh strikes in Saudi Arabia continued to pose risks towards energy supplies.

Table 7 – Commodities

	08-10-2026	09-10-2026	Change, %
Brent crude (US\$/bbl)	104.3	104.7	0.4
Gold (US\$/ Troy Ounce)	4,132.5	4,194.2	1.5
Copper (US\$/ MT)	14,405.9	14,675.8	1.9
Zinc (US\$/MT)	3,774.6	3,873.2	2.6
Aluminium (US\$/MT)	3,050.5	3,048.5	(0.1)

Source: Bloomberg, Bank of Baroda Research



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