MORNING MOCHA

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Economist
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As attacks on ships transiting through the Strait of Hormuz and Bab al-Mandeb Strait (dividing Arabian Peninsula from Horn of Africa) escalate, oil prices remain higher—nearing US$ 90/bbl. Amidst this, some news reports are indicating that US and Iran have agreed to extend the ceasefire deadline (17 Aug) for continued negotiations. On the macro front, US CPI came in line with expectations and rose by 0.1% in Jul'26, after declining by (-) 0.4% in Jun'26. Core inflation also rose by 0.2% (flat in Jun'26), led by commodities, new vehicles, apparels, and services inflation. On YoY basis, headline CPI has eased to 3.4% from 3.5% earlier. Separately in Japan, PPI rose by 7.2% in Jul'26, down from 7.3% last month. Energy prices contributed the most to keep inflation elevated. In India, headline CPI rose to 4.5% in Jul'26 (20-month high) from 4.4% in Jun'26, led by continued increase in food inflation.

- Global indices closed mixed. S&P 500 inched up as investors monitored inflation data which came in line with expectations. With this, near term rate hike expectations by Fed have faded. Nikkei was the biggest gainer, led by real estate and banking stocks. Sensex declined, with losses in FMCG and real estate stocks. It is trading lower today while Asian indices are trading mixed.

Table 1 – Stock markets

	11-08-2026	12-08-2026	Change, %
Dow Jones	53,792	53,770	0
S & P 500	7,728	7,749	0.3
FTSE	10,844	10,833	(0.1)
Nikkei	66,970	67,524	0.8
Hang Seng	25,653	25,440	(0.8)
Shanghai Comp	3,934	3,947	0.3
Sensex	78,154	77,966	(0.2)
Nifty	24,472	24,436	(0.1)

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

- Global currencies ended mixed. DXY rose despite inflation print coming in line with expectation. Yen remained under pressure despite news of intervention. INR appreciated even as oil prices remain higher. It is trading marginally weaker today while other Asian currencies are trading mixed.

Table 2 – Currencies

	11-08-2026	12-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1542	1.1526	(0.1)
GBP/USD (1 GBP / USD)	1.3507	1.3495	(0.1)
USD/JPY (JPY / 1 USD)	159.28	159.42	(0.1)
USD/INR (INR / 1 USD)	95.45	95.33	0.1
USD/CNY (CNY / 1 USD)	6.7456	6.7449	0
DXY Index	99.83	100.01	0.2

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

- Except UK and Japan, other major global yields closed flat. US treasury remained unchanged as investor tracked inflation report, which came in along the expected lines. Japan's bond yield is at 4-week high, amidst increased bets on faster rate hikes by BoJ. India's 10Y yield was steady, and, it is trading a tad lower at 6.77% today, despite elevated oil prices.

Table 3 – Bond 10Y yield

	11-08-2026	12-08-2026	Change, bps
US	4.69	4.69	0
UK	4.96	4.97	1
Germany	3.16	3.16	0
Japan	2.83	2.86	3
China	1.71	1.71	0
India	6.78	6.78	0

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

Table 4 – Short term rates

	11-08-2026	12-08-2026	Change, bps
Tbill-91 days	5.24	5.26	2
Tbill-182 days	5.54	5.53	(1)
Tbill-364 days	5.67	5.69	2
G-Sec 2Y	6.17	6.12	(5)
India OIS-2M	5.29	5.30	1
India OIS-9M	5.66	5.64	(2)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.64	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	11-08-2026	12-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.3	3.4	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	10-08-2026	11-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	426.0	15.5	(410.5)
Debt	57.9	33.6	(24.3)
Equity	368.1	(18.1)	(386.2)
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 remain elevated, amidst news reports of continued attacks on ships in the Middle East.

Table 7 – Commodities

	11-08-2026	12-08-2026	Change, %
Brent crude (US$/bbl)	88.9	89.0	0.1
Gold (US$/ Troy Ounce)	4,370.1	4,408.3	0.9
Copper (US$/ MT)	14,352.4	14,294.3	(0.4)
Zinc (US$/MT)	3,798.3	3,834.2	0.9
Aluminium (US$/MT)	3,364.0	3,310.5	(1.6)

Source: Bloomberg, Bank of Baroda Research

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