

MORNING MOCHA

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ECONOMIST
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Global markets remained watchful on account of concomitant factors at play. US President announced imposition of 25% tariff on countries having any trade relations with Iran. The question over Fed independence also remained the focal point. In Japan, anticipation started building up over a likely snap election. In UK, BRC sales data, a proxy for retail sales of the region rose at a modest pace. In Japan, current account balance widened recording a higher surplus in goods trade balance. In the current week, all eyes will be on US CPI data for cues on trajectory of Fed fund rate. On domestic front, CPI data came in at 1.3% in Dec'25, remaining below RBI's lower tolerance band for the 6th consecutive month in a row. Thus, building up hopes of further monetary easing in the current cycle.

- Global stocks ended higher. Stocks in US rose, led by gains in consumer staples and technology shares. Nikkei also surged tracking a decline in yen. In India, Sensex snapped a 5-day losing streak to end 0.4% higher on optimism over US trade deal. Gains were concentrated in metal and oil and gas stocks. However, it is trading weaker today, while other Asian stocks are trading higher.

Table 1 – Stock markets

	09-01-2026	12-01-2026	Change, %
Dow Jones	49,504	49,590	0.2
S & P 500	6,966	6,977	0.2
FTSE	10,125	10,141	0.2
Nikkei	51,117	51,940	1.6
Hang Seng	26,232	26,608	1.4
Shanghai Comp	4,120	4,165	1.1
Sensex	83,576	83,878	0.4
Nifty	25,683	25,790	0.4

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY declined amidst concerns over Fed's independence. JPY depreciated further as investors assessed the news of possible snap elections. INR ended stable. However, it is trading weaker today, in line with other Asian currencies.

Table 2 – Currencies

	09-01-2026	12-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1637	1.1667	0.3
GBP/USD (1 GBP / USD)	1.3404	1.3465	0.5
USD/JPY (JPY / 1 USD)	157.89	158.14	(0.2)
USD/INR (INR / 1 USD)	90.17	90.17	0
USD/CNY (CNY / 1 USD)	6.9783	6.9731	0.1
DXY Index	99.13	98.86	(0.3)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield inched up a tad ahead of the CPI data. Germany's 10Y yield softened amidst risk off sentiments. India's 10Y yield closed lower by 3bps supported by a below 2% CPI print. It is trading further lower at 6.58% today as rate cut expectations got priced in.

Table 3 – Bond 10Y yield

	09-01-2026	12-01-2026	Change, bps
US	4.17	4.18	1
UK	4.37	4.37	0
Germany	2.86	2.84	(2)
Japan	2.10	2.10	0
China	1.87	1.86	(1)
India	6.64	6.61	(3)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	09-01-2026	12-01-2026	Change, bps
Tbill-91 days	5.31	5.30	(1)
Tbill-182 days	5.53	5.51	(2)
Tbill-364 days	5.56	5.55	(1)
G-Sec 2Y	5.80	5.78	(2)
India OIS-2M	5.34	5.33	0
India OIS-9M	5.44	5.44	0
SONIA int rate benchmark	3.72	3.72	0
US SOFR	3.64	3.64	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	09-01-2026	12-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.2	0.2	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	08-01-2026	09-01-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(338.0)	(391.6)	(53.6)
Debt	74.7	17.4	(57.3)
Equity	(412.7)	(409.0)	3.7
Mutual funds (Rs cr)	(1,707.5)	833.6	2,541.1
Debt	(3,571.5)	(2,135.7)	1,435.8
Equity	1,864.0	2,969.2	1,105.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 7 Jan and 8 Jan 2026

- Oil prices edged up on supply concerns amidst continued unrest in Iran.

Table 7 – Commodities

	09-01-2026	12-01-2026	Change, %
Brent crude (US\$/bbl)	63.3	63.9	0.8
Gold (US\$/ Troy Ounce)	4,509.5	4,597.5	2.0
Copper (US\$/ MT)	13,039.9	13,273.8	1.8
Zinc (US\$/MT)	3,109.5	3,175.1	2.1
Aluminium (US\$/MT)	3,136.0	3,184.5	1.5

Source: Bloomberg, Bank of Baroda Research



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