

MORNING MOCHA

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 Economist
Aditi Gupta

Tensions in Middle-East remained heightened while the energy ceasefire between Russia-Ukraine appeared fragile, keeping global oil prices firmly above US\$ 100/bbl. This is casting a shadow on the global inflation outlook. IMF expects global inflation at 4.7% and 4.1% (+20bps) respectively in 2026 and 2027 (4.1% in 2025). Global growth forecast was maintained at 3.1%, largely reflecting the AI investment boom. However, the IMF noted that growth outcomes are expected to diverge significantly across countries with greater concentration of growth amongst a few economies. Growth in AEs was revised up by 40bps to 2.1% in 2026, led by Germany and UK. India's GDP forecast was also revised upwards to 7% from 6.4% estimated in Jul'26, retaining its place as the fastest growing major economy. Growth is likely to be driven by robust domestic demand and resilient services activity. Separately, CPI inflation in India inched up to 5.5% in Sep'26 driven by a surge in food prices.

- Global indices closed mixed amidst renewed concerns around AI valuations. This comes ahead of the US earnings season. FTSE registered gains led by banking stocks. Sensex ended lower with losses in IT and FMCG stocks. It is trading higher today; while other Asian indices are trading mixed.

Table 1 – Stock markets

	09-10-2026	12-10-2026	Change, %
Dow Jones	51,655	51,851	0.4
S & P 500	7,812	7,807	(0.1)
FTSE	10,552	10,656	1.0
Nikkei	69,042	69,031	0
Hang Seng	24,211	24,271	0.2
Shanghai Comp	3,814	3,797	(0.4)
Sensex	72,472	71,925	(0.8)
Nifty	22,520	22,363	(0.7)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 12 Oct 2026

- Except INR, other global currencies depreciated against the dollar. DXY rose by 0.4% tracking hawkish comments from Cleveland Fed President. INR appreciated supported by RBI's measures. It is trading further stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	09-10-2026	12-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1200	1.1155	(0.4)
GBP/USD (1 GBP / USD)	1.3234	1.3208	(0.2)
USD/JPY (JPY / 1 USD)	158.31	158.61	(0.2)
USD/INR (INR / 1 USD)	96.74	95.78	1.0
USD/CNY (CNY / 1 USD)	6.6927	6.6938	0
DXY Index	102.21	102.59	0.4

Source: Bloomberg, Bank of Baroda Research



- Barring US and India, other global yields closed lower. India's 10Y yield rose by 10bps to its highest level since Mar'23 as RBI announced measures to drain banking liquidity. Amongst other major global yields, Japan's 10Y yield dropped the most followed by the UK. India's 10Y yield is trading lower at 7.36% today.

Table 3 – Bond 10Y yield

	09-10-2026	12-10-2026	Change, bps
US	5.23	5.24	1
UK	5.48	5.44	(4)
Germany	3.50	3.48	(2)
Japan	3.09	3.02	(8)
China	1.68	1.67	(2)
India	7.29	7.39	10

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	09-10-2026	12-10-2026	Change, bps
Tbill-91 days	5.38	5.65	27
Tbill-182 days	6.07	5.86	(21)
Tbill-364 days	6.26	6.32	6
G-Sec 2Y	6.79	6.81	2
India OIS-2M	5.53	5.64	11
India OIS-9M	6.08	6.22	14
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	09-10-2026	12-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.7	3.4	(0.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	08-10-2026	09-10-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1,539.2)	(397.4)	1,141.8
Debt	(207.9)	(60.9)	147.0
Equity	(1,331.4)	(336.5)	994.9
Mutual funds (Rs cr)	7,489.6	9,039.2	1,549.6
Debt	(1,363.2)	4,617.8	5,981.0
Equity	8,852.8	4,421.4	(4,431.4)

Source: Bloomberg, Bank of Baroda Research

- Oil prices inched up further as tensions in Middle-East simmered.

Table 7 – Commodities

	09-10-2026	12-10-2026	Change, %
Brent crude (US\$/bbl)	104.7	106.7	1.8
Gold (US\$/ Troy Ounce)	4,194.2	4,172.2	(0.5)
Copper (US\$/ MT)	14,675.8	14,792.0	0.8
Zinc (US\$/MT)	3,873.2	3,813.3	(1.5)
Aluminium (US\$/MT)	3,048.5	3,052.5	0.1

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com