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Global markets assessed the ongoing turmoil in Iran, political developments in Japan and a benign inflation report in the US. Oil prices rose as civil unrest in Iran continued. In Japan, reports of a snap election as early as Feb'26 raised hopes of further fiscal stimulus. In the US, CPI inflation increased by 0.3% in Dec'25 (MoM), in line with market expectations. Core CPI rose by 0.2% in Dec'25. While investors expect the Fed to maintain status quo on rates this month, expectations of two more cuts this year remain intact. In China, export growth picked up to 6.6% in Dec'25 (est. 3%) from 5.9% in Nov'25. Imports too accelerated to 5.7% from 1.9% rise in Nov'25. In 2025, China posted a record trade surplus of US\$ 1.2tn, despite higher tariffs. World Bank has lifted India's growth forecast for FY26 to 7.2% from 6.3% projected earlier, on the back of strong domestic demand and tax reforms. For FY27, growth is projected at 6.5%.

- Global indices closed mixed as investors continued to track ongoing geopolitical developments. US indices closed lower with losses noted in financial stocks as concerns pertaining to a possible cap on credit-card rates. Sensex ended lower with losses in power stocks. It is trading lower today, while other Asian indices are trading mixed.

Table 1 – Stock markets

	12-01-2026	13-01-2026	Change, %
Dow Jones	49,590	49,192	(0.8)
S & P 500	6,977	6,964	(0.2)
FTSE	10,141	10,137	0
Nikkei	51,940	53,549	3.1
Hang Seng	26,608	26,848	0.9
Shanghai Comp	4,165	4,139	(0.6)
Sensex	83,878	83,628	(0.3)
Nifty	25,790	25,732	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended weaker. DXY rose by 0.3% as investors assessed the CPI report. JPY depreciated further tracking political developments. INR ended flat. However, it is trading stronger today, in line with Asian peers.

Table 2 – Currencies

	12-01-2026	13-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1667	1.1642	(0.2)
GBP/USD (1 GBP / USD)	1.3465	1.3422	(0.3)
USD/JPY (JPY / 1 USD)	158.14	159.14	(0.6)
USD/INR (INR / 1 USD)	90.17	90.19	0
USD/CNY (CNY / 1 USD)	6.9731	6.9777	(0.1)
DXY Index	98.86	99.13	0.3

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield closed flat tracking latest US CPI print. Inflation has come in line with expectations. India's bond yields inched up following news that it will take some more time for Indian bonds to get included in Bloomberg Global Aggregate Index. It is trading further higher at 6.64% today.

Table 3 – Bond 10Y yield

	12-01-2026	13-01-2026	Change, bps
US	4.18	4.18	0
UK	4.37	4.40	2
Germany	2.84	2.85	1
Japan	2.10	2.17	8
China	1.86	1.86	(1)
India	6.61	6.63	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	12-01-2026	13-01-2026	Change, bps
Tbill-91 days	5.30	5.35	5
Tbill-182 days	5.51	5.54	3
Tbill-364 days	5.55	5.54	(1)
G-Sec 2Y	5.78	5.78	0
India OIS-2M	5.33	5.34	1
India OIS-9M	5.44	5.45	1
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	12-01-2026	13-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.2	1.0	0.8

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	09-01-2026	12-01-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(391.6)	(207.0)	184.6
Debt	17.4	137.7	120.3
Equity	(409.0)	(344.7)	64.4
Mutual funds (Rs cr)	177.4	3,895.9	3,718.5
Debt	(2,781.2)	(1,738.3)	1,042.9
Equity	2,958.6	5,634.2	2,675.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 8 Jan and 9 Jan 2026

- Oil prices rose further amidst escalating tensions between US and Iran.

Table 7 – Commodities

	12-01-2026	13-01-2026	Change, %
Brent crude (US\$/bbl)	63.9	65.5	2.5
Gold (US\$/ Troy Ounce)	4,597.5	4,586.5	(0.2)
Copper (US\$/ MT)	13,273.8	13,254.2	(0.1)
Zinc (US\$/MT)	3,175.1	3,182.2	0.2
Aluminium (US\$/MT)	3,184.5	3,197.5	0.4

Source: Bloomberg, Bank of Baroda Research



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