

**MORNING MOCHA**

14 October 2026

 Economist  
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Global market sentiments remained cautious tracking heightened tensions in the Middle East and AI related concerns, as focus shifts to the upcoming US inflation report. Separately, PPI inflation in China accelerated to 5% in Sep'26 (est. 4.5%) from 3.8% in Aug'26 due to higher fuel prices. CPI inflation too inched up to 0.9% in Sep'26 from 0.8% in Aug'26, but continues to remain subdued due to weak domestic demand. China's exports registered a strong growth of 36.3% in Sep'26 (est. 25.5%), after increasing by 25% in Aug'26. Imports also increased by 31% in Sep'26 compared with 28.2% in Aug'26. In US, existing home sales increased by 1.5% in Sep'26, following a decline of 3.2% in Aug'26. Despite the increase, higher prices and elevated mortgage rates are likely to weigh on the housing market going forward.

- Global equity markets closed mixed, with markets in US, UK and Japan under pressure. Major sell-off was seen in stocks of chipmakers, as investors assessed the durability of AI boom. Lower than expected bank earnings data was also a drag. Sensex rose, led by gains in IT and bank stocks. However, following global cues, it is trading lower today, in line with other Asian indices.

**Table 1 – Stock markets**

|               | 12-10-2026 | 13-10-2026 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones     | 51,851     | 51,670     | (0.3)     |
| S & P 500     | 7,807      | 7,805      | 0         |
| FTSE          | 10,656     | 10,650     | (0.1)     |
| Nikkei        | 69,031     | 67,778     | (1.8)     |
| Hang Seng     | 24,271     | 24,345     | 0.3       |
| Shanghai Comp | 3,797      | 3,801      | 0.1       |
| Sensex        | 71,925     | 73,034     | 1.5       |
| Nifty         | 22,363     | 22,722     | 1.6       |

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

- Global currencies gained at the expense of the dollar. DXY eased ahead of US inflation report. Both EUR and GBP both strengthened by 0.4%. INR consolidated its gains supported by RBI measures and lower oil prices. It is trading further stronger today, while other Asian currencies are trading mixed.

**Table 2 – Currencies**

|                       | 12-10-2026 | 13-10-2026 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1155     | 1.1199     | 0.4       |
| GBP/USD (1 GBP / USD) | 1.3208     | 1.3255     | 0.4       |
| USD/JPY (JPY / 1 USD) | 158.61     | 158.33     | 0.2       |
| USD/INR (INR / 1 USD) | 95.78      | 95.28      | 0.5       |
| USD/CNY (CNY / 1 USD) | 6.6938     | 6.6924     | 0         |
| DXY Index             | 102.59     | 102.18     | (0.4)     |

Source: Bloomberg, Bank of Baroda Research



- Except UK, other major 10Y yields scaled back. US 10Y yield was down by 3bps, as oil prices inched down. Investors also await US CPI data (est.: 3.6%) due later today which will help gauge Fed's future rate trajectory. In India as well, 10Y yield fell by 2bps, following global cues. However, it is trading a tad higher today at 7.39%, tracking escalating tensions in the Middle East.

**Table 3 – Bond 10Y yield**

|         | 12-10-2026 | 13-10-2026 | Change, bps |
|---------|------------|------------|-------------|
| US      | 5.24       | 5.21       | (3)         |
| UK      | 5.44       | 5.45       | 1           |
| Germany | 3.48       | 3.47       | (1)         |
| Japan   | 3.02       | 3.01       | (1)         |
| China   | 1.67       | 1.66       | (1)         |
| India   | 7.39       | 7.37       | (2)         |

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

|                          | 12-10-2026 | 13-10-2026 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days            | 5.65       | 5.53       | (12)        |
| Tbill-182 days           | 5.86       | 6.08       | 22          |
| Tbill-364 days           | 6.32       | 6.53       | 21          |
| G-Sec 2Y                 | 6.81       | 6.92       | 11          |
| India OIS-2M             | 5.64       | 5.66       | 2           |
| India OIS-9M             | 6.22       | 6.19       | (3)         |
| SONIA int rate benchmark | 3.73       | 3.73       | 0           |
| US SOFR                  | 3.87       | 3.87       | 0           |

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

| Rs tn                             | 12-10-2026 | 13-10-2026 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 3.4        | 3.4        | 0              |

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

|                      | 09-10-2026 | 12-10-2026 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn)        | (397.4)    | 5.3        | 402.6                  |
| Debt                 | (60.9)     | (203.7)    | (142.8)                |
| Equity               | (336.5)    | 209.0      | 545.5                  |
| 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 | Note: Mutual funds data as of 8 Oct and 9 Oct 2026

- Oil prices eased marginally as US lifted sanctions on Russian diesel exports.

**Table 7 – Commodities**

|                         | 12-10-2026 | 13-10-2026 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl)  | 106.7      | 105.7      | (0.9)     |
| Gold (US\$/ Troy Ounce) | 4,172.2    | 4,160.7    | (0.3)     |
| Copper (US\$/ MT)       | 14,792.0   | 14,694.2   | (0.7)     |
| Zinc (US\$/MT)          | 3,813.3    | 3,785.5    | (0.7)     |
| Aluminium (US\$/MT)     | 3,052.5    | 3,039.0    | (0.4)     |

Source: Bloomberg, Bank of Baroda Research



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