

MORNING MOCHA

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Tensions between US and Iran remain heightened with attacks and counter attacks being continued by both countries. As a result, oil prices are currently hovering near US\$ 85/bbl mark. However, there has been some respite for the markets as US has announced to scrap plans of charging 20% tax on commercial cargo passing through the Strait of Hormuz. On the macro front, investors are also relieved noting softer than expected US inflation print for Jun'26 as it was down by (-) 0.4% (MoM) versus est.: (-) 0.2% and 0.5% rise in May'26. On YoY basis also, CPI cooled down to 3.5% (est.: 3.8%) from 4.2% in May'26. This was on account of sharp drop in index for gasoline and fuel and services inflation (led by shelter and transportation). Elsewhere in China, Q2CY26 GDP growth slowed to 4.3% (est.: 4.5%) from 5% in Q1, dragged by investments in real estate, infrastructure and manufacturing.

- Barring domestic indices and Dow Jones (flat), other indices closed higher. Investor tracked the developments in the Middle East. Shanghai Comp was the biggest gainer supported by rebound in retail sales for May'26. Sensex ended lower with losses in real estate and auto stocks. However, it is trading higher today while other Asian indices are trading mixed.

Table 1 – Stock markets

	13-07-2026	14-07-2026	Change, %
Dow Jones	52,499	52,508	0
S & P 500	7,515	7,544	0.4
FTSE	10,498	10,529	0.3
Nikkei	67,243	67,744	0.7
Hang Seng	24,214	24,341	0.5
Shanghai Comp	3,914	3,967	1.4
Sensex	77,616	77,055	(0.7)
Nifty	24,211	24,052	(0.7)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies are trading higher. DXY weakened after CPI print came in softer than expected, leading to lowered probability of rate hike by Fed. INR declined tracking higher oil prices. It is trading stronger today, while other Asian peers are trading mixed.

Table 2 – Currencies

	13-07-2026	14-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1381	1.1420	0.3
GBP/USD (1 GBP / USD)	1.3348	1.3390	0.3
USD/JPY (JPY / 1 USD)	162.43	162.25	0.1
USD/INR (INR / 1 USD)	95.62	96.20	(0.6)
USD/CNY (CNY / 1 USD)	6.7802	6.7716	0.1
DXY Index	101.24	101.13	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. Yields in UK and India were impacted by rising international oil prices, while in the US, softer than expected Jun'26 inflation print helped push yields lower. Japan's 10Y yield fell, noting FM's remarks signalling possibility of shift in pension allocation fund. India's 10Y rose by 6bps but is trading a tad lower at 6.77% today.

Table 3 – Bond 10Y yield

	13-07-2026	14-07-2026	Change, bps
US	4.62	4.59	(3)
UK	4.97	4.98	1
Germany	3.11	3.11	0
Japan	2.79	2.72	(7)
China	1.74	1.73	0
India	6.73	6.79	6

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	13-07-2026	14-07-2026	Change, bps
Tbill-91 days	5.27	5.29	2
Tbill-182 days	5.41	5.44	3
Tbill-364 days	5.61	5.61	0
G-Sec 2Y	6.12	6.15	4
India OIS-2M	5.37	5.41	4
India OIS-9M	5.70	5.80	10
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.55	3.60	5

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	13-07-2026	14-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.4	1.5	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	10-07-2026	13-07-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	446.9	(276.9)	(723.9)
Debt	115.7	(13.9)	(129.6)
Equity	331.2	(263.1)	(594.3)
Mutual funds (Rs cr)	748.4	1,408.0	659.6
Debt	(577.5)	(667.5)	(90.0)
Equity	1,325.8	2,075.4	749.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 9 and 10 Jul 2026

- Oil prices rose further to hover near US\$ 85/bbl mark, as tensions between US and Iran continue to escalate.

Table 7 – Commodities

	13-07-2026	14-07-2026	Change, %
Brent crude (US\$/bbl)	83.3	84.7	1.7
Gold (US\$/ Troy Ounce)	4,002.4	4,052.9	1.3
Copper (US\$/ MT)	13,487.9	13,595.8	0.8
Zinc (US\$/MT)	3,567.8	3,605.0	1.0
Aluminium (US\$/MT)	3,169.5	3,177.0	0.2

Source: Bloomberg, Bank of Baroda Research



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