

MORNING MOCHA

15 October 2026

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Inflation in the US accelerated to 0.6% in Sep'26 after increasing by 0.4% in Aug'26, on a MoM basis. The increase was driven largely by higher gasoline and diesel prices, even as food prices remained broadly stable. Core CPI rose by 0.3% in Sep'26, unchanged from Aug'26. On a YoY basis, while headline CPI increased by 3.7% (3.4% in Aug'26), core CPI also advanced by 2.6% versus 2.4% in Aug'26. Despite the higher inflation readings, investors pared back bets of a rate hike in Oct'26 following comments from Fed officials. Fed's Mary Daly and Michelle Bowman both agreed that further rate hikes might be needed, but stressed that there is no urgency for the same. Separately, unemployment rate in Australia stood at a 5-year high of 4.7% in Sep'26. In India, WPI inflation accelerated to a 30-month high of 11.4% in Sep'26, led by food and fuel inflation.

- Barring FTSE and Nikkei, other global indices ended lower. US indices slipped amidst growing concerns around AI, weakness in semiconductor stocks and hotter than expected inflation print. Sensex too ended lower with deep losses in auto and real estate stocks. However, it is trading stronger today, while other Asian stocks are trading lower.

Table 1 – Stock markets

	13-10-2026	14-10-2026	Change, %
Dow Jones	51,670	51,621	(0.1)
S & P 500	7,805	7,719	(1.1)
FTSE	10,650	10,725	0.7
Nikkei	67,778	67,744	0
Hang Seng	24,345	24,314	(0.1)
Shanghai Comp	3,801	3,767	(0.9)
Sensex	73,034	72,782	(0.3)
Nifty	22,722	22,623	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY rose by 0.4% tracking a higher inflation print. Investors await US PPI and retail sales data for further cues. EUR and GBP declined the most. INR appreciated further, despite higher oil prices. It is trading further stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	13-10-2026	14-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1199	1.1157	(0.4)
GBP/USD (1 GBP / USD)	1.3255	1.3193	(0.5)
USD/JPY (JPY / 1 USD)	158.33	158.33	0
USD/INR (INR / 1 USD)	95.28	95.16	0.1
USD/CNY (CNY / 1 USD)	6.6924	6.6983	(0.1)
DXY Index	102.18	102.55	0.4

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield eased to a near 3-week low, despite a higher inflation reading. Comments from key Fed officials tempered the bets of an imminent rate hike in Oct'26. India's 10Y yield firmed by 3bps to a 3-year high (Mar'23) as selling pressure intensified and crude prices remained elevated. It is trading at 7.37% today.

Table 3 – Bond 10Y yield

	13-10-2026	14-10-2026	Change, bps
US	5.21	5.19	(2)
UK	5.45	5.42	(2)
Germany	3.47	3.47	0
Japan	3.01	3.00	(1)
China	1.66	1.67	1
India	7.37	7.40	3

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	13-10-2026	14-10-2026	Change, bps
Tbill-91 days	5.53	5.70	17
Tbill-182 days	6.08	6.20	12
Tbill-364 days	6.53	6.47	(6)
G-Sec 2Y	6.81	6.92	11
India OIS-2M	5.66	5.72	6
India OIS-9M	6.19	6.30	11
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.87	3.89	2

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	13-10-2026	14-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.4	2.6	(0.8)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	12-10-2026	13-10-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	5.3	(137.3)	(142.6)
Debt	(203.7)	13.5	217.2
Equity	209.0	(150.8)	(359.8)
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 inched up as investors continued to monitor the situation in Middle East.

Table 7 – Commodities

	13-10-2026	14-10-2026	Change, %
Brent crude (US\$/bbl)	105.7	106.1	0.4
Gold (US\$/ Troy Ounce)	4,160.7	4,105.4	(1.3)
Copper (US\$/ MT)	14,694.2	14,597.2	(0.7)
Zinc (US\$/MT)	3,785.5	3,767.0	(0.5)
Aluminium (US\$/MT)	3,039.0	2,987.5	(1.7)

Source: Bloomberg, Bank of Baroda Research



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