

**MORNING MOCHA**

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News reports indicate that both the US and Iran have launched fresh military strikes against each other. Tensions in the Strait of Hormuz have escalated further, which is keeping oil prices elevated. On the macro front, US PPI fell by (-) 0.3% (MoM) in Jun'26 versus est.: 0% and downwardly revised 0.6% increase in May'26. The dip was largely on account of energy (-6.4%) and food (-0.6%) inflation index. In contrast services index inched up (0.2% versus -0.1%), led by trade component. While this along with the CPI report gives a brief relief to the Fed, however, Fed Chair in his statement to the Congress has cautioned that Fed will act if inflation inches back up. With fresh tensions in West Asia and oil prices again rising, upside risks to US and global inflation persists. US bond markets are signalling that Fed may have to begin tightening if the war continues.

- Barring FTSE and Shanghai Comp, other indices closed higher. Wall Street advanced as investors tracked softening inflation print and strong corporate earnings. Nikkei was the biggest gainer led by upside in real estate and banking stocks. Sensex rebounded supported by capital good stocks. It is trading higher today while other Asian indices are trading mixed.

**Table 1 – Stock markets**

|               | 14-07-2026 | 15-07-2026 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones     | 52,508     | 52,659     | 0.3       |
| S & P 500     | 7,544      | 7,572      | 0.4       |
| FTSE          | 10,529     | 10,516     | (0.1)     |
| Nikkei        | 67,744     | 68,752     | 1.5       |
| Hang Seng     | 24,341     | 24,681     | 1.4       |
| Shanghai Comp | 3,967      | 3,956      | (0.3)     |
| Sensex        | 77,055     | 77,185     | 0.2       |
| Nifty         | 24,052     | 24,079     | 0.1       |

Source: Bloomberg, Bank of Baroda Research

- Except INR (lower) and JPY (flat), other global currencies are trading higher. DXY extended its decline post softer PPI print. This along with CPI print has helped assuage fears of aggressive rate hike. INR depreciated amidst higher oil prices. It is trading weaker today, while Asian peers are trading mixed.

**Table 2 – Currencies**

|                       | 14-07-2026 | 15-07-2026 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1420     | 1.1463     | 0.4       |
| GBP/USD (1 GBP / USD) | 1.3390     | 1.3540     | 1.1       |
| USD/JPY (JPY / 1 USD) | 162.25     | 162.19     | 0         |
| USD/INR (INR / 1 USD) | 96.20      | 96.26      | (0.1)     |
| USD/CNY (CNY / 1 USD) | 6.7716     | 6.7682     | 0.1       |
| DXY Index             | 100.92     | 100.49     | (0.4)     |

Source: Bloomberg, Bank of Baroda Research



- Except Germany and China, other global yields closed lower. Yields in UK and US fell by 4bps. Softer than expected PPI in the US helped eased yields. Investors also await more clarity on prospects of US-Iran truce deal. India's 10Y fell by 2bps, even as oil prices remain elevated. Following global cues, it is trading even lower at 6.75% today.

**Table 3 – Bond 10Y yield**

|         | 14-07-2026 | 15-07-2026 | Change, bps |
|---------|------------|------------|-------------|
| US      | 4.59       | 4.55       | (4)         |
| UK      | 4.98       | 4.94       | (4)         |
| Germany | 3.11       | 3.12       | 1           |
| Japan   | 2.72       | 2.70       | (2)         |
| China   | 1.73       | 1.74       | 0           |
| India   | 6.79       | 6.77       | (2)         |

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

|                          | 14-07-2026 | 15-07-2026 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days            | 5.29       | 5.32       | 3           |
| Tbill-182 days           | 5.44       | 5.55       | 11          |
| Tbill-364 days           | 5.61       | 5.69       | 8           |
| G-Sec 2Y                 | 6.15       | 6.18       | 3           |
| India OIS-2M             | 5.41       | 5.42       | 1           |
| India OIS-9M             | 5.80       | 5.80       | 0           |
| SONIA int rate benchmark | 3.73       | 3.73       | 0           |
| US SOFR                  | 3.60       | 3.63       | 3           |

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

| Rs tn                             | 14-07-2026 | 15-07-2026 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 1.5        | 1.3        | (0.2)          |

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

|                      | 13-07-2026 | 14-07-2026 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn)        | (276.9)    | 12.9       | 289.8                  |
| Debt                 | (13.9)     | 37.2       | 51.1                   |
| Equity               | (263.1)    | (24.3)     | 238.7                  |
| 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 remain elevated as both the US and Iran engage in fresh military strikes.

**Table 7 – Commodities**

|                         | 14-07-2026 | 15-07-2026 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl)  | 84.7       | 85.0       | 0.3       |
| Gold (US\$/ Troy Ounce) | 4,052.9    | 4,060.6    | 0.2       |
| Copper (US\$/ MT)       | 13,595.8   | 13,534.1   | (0.5)     |
| Zinc (US\$/MT)          | 3,605.0    | 3,551.1    | (1.5)     |
| Aluminium (US\$/MT)     | 3,177.0    | 3,150.0    | (0.8)     |

Source: Bloomberg, Bank of Baroda Research



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