

MORNING MOCHA

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Global markets cheered the agreement between US and Iran to end the war. Oil prices have fallen (~US\$ 83/bbl) to their lowest since early Mar'26 (around the beginning of the war). On the macro front, US industrial production rose by 0.1% (MoM) in May'26 (est.: 0.2%) slowing from 0.9% in Apr'26, weakness in manufacturing sector (0% versus 0.7%). Separately, in Asia, BoJ has raised its policy rate by 25bps to 1%—highest since CY95 and 1st rate hike after Dec'25. The decision was driven by weakening Yen and inflation falling below 2% target, due to government measures. In China, industrial production rose by 4.5% in My'26, up from 4.1% in Apr'26, led by growth in manufacturing and utilities production. Retail sales fell by (-) 0.6% from 0.2% in Apr'26. In India, new WPI series was released (2022-23), and inflation came in at 9.7% in May'26 versus 8.3% in Apr'26.

- Barring FTSE, other global indices advanced. Investors cheered on the news of preliminary peace agreement. US stock rallied as oil prices tumbled. Nikkei surged to a record high with gains in banking and real estate sectors. Sensex too closed higher, led by strong gains in real estate, auto and consumer durable stocks. It is trading higher today while other Asian stocks are trading mixed.

Table 1 – Stock markets

	12-06-2026	15-06-2026	Change, %
Dow Jones	51,202	51,671	0.9
S & P 500	7,431	7,554	1.7
FTSE	10,472	10,431	(0.4)
Nikkei	66,020	69,318	5.0
Hang Seng	24,718	24,843	0.5
Shanghai Comp	4,032	4,096	1.6
Sensex	75,528	76,264	1.0
Nifty	23,623	23,854	1.0

Source: Bloomberg, Bank of Baroda Research

- Except JPY, other global currencies inched up. Greenback weakened further as the safe-haven demand eased on the back of the conflict resolution in the Middle East and ahead of the Fed policy. INR strengthened as oil prices slipped. However, it is trading weaker today; other Asian currencies are trading mixed.

Table 2 – Currencies

	12-06-2026	15-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1568	1.1590	0.2
GBP/USD (1 GBP / USD)	1.3406	1.3414	0.1
USD/JPY (JPY / 1 USD)	160.24	160.34	(0.1)
USD/INR (INR / 1 USD)	95.12	94.72	0.4
USD/CNY (CNY / 1 USD)	6.7627	6.7576	0.1
DXY Index	99.75	99.63	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Except China (flat), other global yields declined. US 10Y yield fell a tad by 1bps as investors analyse the impact of US-Iran deal on Fed's rate trajectory. Moderation in US industrial production data also drove the trend. India's 10Y yield fell by 1bps, tracking dip in oil prices. Following global cues, it is trading further lower today at 6.87%.

Table 3 – Bond 10Y yield

	12-06-2026	15-06-2026	Change, bps
US	4.48	4.47	(1)
UK	4.84	4.81	(2)
Germany	3.00	2.95	(4)
Japan	2.63	2.58	(4)
China	1.74	1.74	0
India	6.89	6.88	(1)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	12-06-2026	15-06-2026	Change, bps
Tbill-91 days	5.20	5.27	7
Tbill-182 days	5.47	5.50	3
Tbill-364 days	5.85	5.82	(3)
G-Sec 2Y	6.17	6.17	0
India OIS-2M	5.36	5.36	0
India OIS-9M	5.78	5.75	(3)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.60	3.65	5

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	12-06-2026	15-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.7	1.5	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	11-06-2026	12-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	166.5	315.0	148.5
Debt	286.1	377.5	91.4
Equity	(119.7)	(62.6)	57.1
Mutual funds (Rs cr)	(9,857.7)	(8,515.5)	1,342.2
Debt	(10,165.7)	(10,646.8)	(481.2)
Equity	308.0	2,131.3	1,823.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 10 and 11 Jun 2026

- Oil prices continue to decline as US announces partial re-opening of the Strait of Hormuz. G-7 meeting will discuss de-mining of the Strait for full operations.

Table 7 – Commodities

	12-06-2026	15-06-2026	Change, %
Brent crude (US\$/bbl)	87.3	83.2	(4.8)
Gold (US\$/ Troy Ounce)	4,219.3	4,311.7	2.2
Copper (US\$/ MT)	13,645.3	13,669.7	0.2
Zinc (US\$/MT)	3,578.0	3,571.0	(0.2)
Aluminium (US\$/MT)	3,535.0	3,379.5	(4.4)

Source: Bloomberg, Bank of Baroda Research



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