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ECONOMIST
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Global markets sentiments remained fragile amidst a continued impasse in US-Iran peace talks and traffic through Strait of Hormuz remained effectively blocked. US retail sales declined by 0.6% in Jul'26 (est. +0.1%), versus +0.2% in Jun'26 (MoM). University of Michigan's consumer sentiment index slipped to 51.0 in Aug'26 (est. 54.5) from 55.2 in Jul'26. Further, consumers' 1Y inflation expectations rose by 10bps to 4.3%, while the 5Y inflation expectations were unchanged at 3.3%. India's current account reported a deficit of US$ 3.1bn in Apr-Jun'26, marginally higher than US$ 2.9bn last year. Increase in merchandise deficit was offset by an increase in remittances and services surplus. Capital account recorded a deficit of US$ 5bn, due to FPI outflows. Separately, RBI notified that as of 13 Aug 2026, US$ 56.85bn have been mobilised through its concessional swap window for FCNR (B) and ECB/OFCB inflows. It also stated that the concessional forex swap window for FCNR (B) deposits will be open until 31 Aug 2026 versus 30 Sep 2026 notified earlier.

- Except Nikkei (higher) and Shanghai Comp (flat), global equity indices ended lower. Markets monitored weak data in the US. Sensex edged down led by oil and gas and metal stocks. It is trading lower today, while Asian markets are trading mixed.

Table 1 – Stock markets

	13-08-2026	14-08-2026	Change, %
Dow Jones	53,840	53,732	(0.2)
S & P 500	7,799	7,786	(0.2)
FTSE	10,773	10,750	(0.2)
Nikkei	68,309	68,714	0.6
Hang Seng	25,397	25,117	(1.1)
Shanghai Comp	3,927	3,927	0
Sensex	77,966	78,080	0.1
Nifty	24,396	24,366	(0.1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 14 Aug 2026

- Except INR and CNY, other global currencies appreciated. DXY dipped by 0.3% tracking weak macro data. EUR and GBP rose by 0.4% each. INR ended flat. It is trading weaker today while other Asian currencies are trading mixed.

Table 2 – Currencies

	13-08-2026	14-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1528	1.1570	0.4
GBP/USD (1 GBP / USD)	1.3487	1.3538	0.4
USD/JPY (JPY / 1 USD)	159.50	159.32	0.1
USD/INR (INR / 1 USD)	95.45	95.44	0
USD/CNY (CNY / 1 USD)	6.7441	6.7425	0
DXY Index	99.96	99.67	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Except India (flat) and China (tad lower), global yields inched up. UK's 10Y yield rose at the sharpest pace amidst fears of rising inflation. India's 10Y yield closed stable. It is trading at 6.79% today.

Table 3 – Bond 10Y yield

	13-08-2026	14-08-2026	Change, bps
US	4.64	4.69	5
UK	4.95	5.04	8
Germany	3.13	3.20	7
Japan	2.89	2.89	1
China	1.70	1.68	(2)
India	6.76	6.76	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	13-08-2026	14-08-2026	Change, bps
Tbill-91 days	5.25	5.24	(1)
Tbill-182 days	5.46	5.53	7
Tbill-364 days	5.69	5.68	(1)
G-Sec 2Y	6.10	6.14	4
India OIS-2M	5.29	5.30	0
India OIS-9M	5.63	5.61	(2)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.62	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	13-08-2026	14-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.5	4.0	0.5

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	12-08-2026	13-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(88.8)	(128.5)	(39.7)
Debt	16.6	(165.3)	(181.9)
Equity	(105.4)	36.8	142.2
Mutual funds (Rs cr)	(5,282.1)	(2,182.3)	3,099.8
Debt	(5,346.9)	(6,974.6)	(1,627.7)
Equity	64.8	4,792.4	4,727.6

Source: Bloomberg, Bank of Baroda Research | Note: Mutual fund data as of 11 Aug and 12 Aug 2026

- Oil prices rose further as US-Iran peace talks remained stalled.

Table 7 – Commodities

	13-08-2026	14-08-2026	Change, %
Brent crude (US$/bbl)	87.1	88.5	1.7
Gold (US$/ Troy Ounce)	4,350.4	4,376.4	0.6
Copper (US$/ MT)	14,394.1	14,576.3	1.3
Zinc (US$/MT)	3,841.0	3,862.5	0.6
Aluminium (US$/MT)	3,258.5	3,252.0	(0.2)

Source: Bloomberg, Bank of Baroda Research

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