MORNING MOCHA

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Economist
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Fresh military strikes by both the US and Iran continue for the sixth day. Escalating the tensions further, Iran has threatened to close the Red Sea as well, in case US attacks its power infrastructure. On the Macro front, labour market in the US appears to be on solid ground with initial jobless claims for the week ending 11 July falling by 8k to 208k (est.: 217k). Continuing claims (4-week moving average) were broadly stable at 1.81mn. Retail sales were up by 0.2% in Jun'26, slowing from 1%, primarily due weaker gasoline prices. Core retail sales (excl auto and gasoline stations) rose by 0.4% versus 0.8% in May'26. Clothing and food & beverage sales acted as a drag. Domestically, RBI has issued draft guidelines proposing stricter governance norms for banks and NBFC. RBI has clarified that banks which receive immovable asset as part of recovery, cannot sell is back to borrowers or their relatives, and must dispose of that property within 7 years.

- Global indices closed mixed as tensions erupted again due to growing hostilities in the Middle East. US indices were down tracking macro data. Nikkei tumbled as sell off in AI related and chip stocks deepened. Sensex ended flat. However, it is trading higher today while other Asian indices are trading lower.

Table 1 – Stock markets

	15-07-2026	16-07-2026	Change, %
Dow Jones	52,659	52,553	(0.2)
S & P 500	7,572	7,534	(0.5)
FTSE	10,516	10,572	0.5
Nikkei	68,752	66,836	(2.8)
Hang Seng	24,681	25,009	1.3
Shanghai Comp	3,956	3,882	(1.8)
Sensex	77,185	77,187	0
Nifty	24,079	24,073	0

Source: Bloomberg, Bank of Baroda Research

- Global currencies traded lower. DXY rebounded supported by stronger than expected labour data. GBP fell as concerns over UK's fiscal outlook were back amidst change in the administration. INR declined but it is trading stronger today. Asian peers are trading mixed.

Table 2 – Currencies

	15-07-2026	16-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1463	1.1442	(0.2)
GBP/USD (1 GBP / USD)	1.3540	1.3478	(0.5)
USD/JPY (JPY / 1 USD)	162.19	162.39	(0.1)
USD/INR (INR / 1 USD)	96.26	96.35	(0.1)
USD/CNY (CNY / 1 USD)	6.7682	6.7728	(0.1)
DXY Index	100.49	100.76	0.3

Source: Bloomberg, Bank of Baroda Research

- Except China and India, other global yields inched up a tad. UK's 10Y yield rose the most (3bps), and US 10Y yield was up by 1bps. Lower than expected jobless claims points towards resilient labour market. Also, elevated oil prices are maintaining upside pressure on inflation. India's 10Y fell by 3bps, ahead of fresh weekly auction today. It is trading stable today, awaiting fresh global cues.

Table 3 – Bond 10Y yield

	15-07-2026	16-07-2026	Change, bps
US	4.55	4.55	1
UK	4.94	4.97	3
Germany	3.12	3.13	1
Japan	2.70	2.72	2
China	1.74	1.74	0
India	6.77	6.75	(3)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	15-07-2026	16-07-2026	Change, bps
Tbill-91 days	5.32	5.31	(1)
Tbill-182 days	5.55	5.52	(3)
Tbill-364 days	5.69	5.63	(6)
G-Sec 2Y	6.18	6.10	(8)
India OIS-2M	5.42	5.39	(3)
India OIS-9M	5.80	5.77	(3)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.64	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	15-07-2026	16-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	0.8	(0.5)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	14-07-2026	15-07-2026	change (US$ mn/Rs cr)
FII (US$ mn)	12.9	13.6	0.8
Debt	37.2	63.7	26.5
Equity	(24.3)	(50.1)	(25.8)
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 eased a tad, tracking news of possible decline in oil demand in CY26—a first since the Covid-19 pandemic (2020).

Table 7 – Commodities

	15-07-2026	16-07-2026	Change, %
Brent crude (US$/bbl)	85.0	84.2	(0.8)
Gold (US$/ Troy Ounce)	4,060.6	3,976.5	(2.1)
Copper (US$/ MT)	13,534.1	13,554.4	0.1
Zinc (US$/MT)	3,551.1	3,608.9	1.6
Aluminium (US$/MT)	3,150.0	3,185.0	1.1

Source: Bloomberg, Bank of Baroda Research

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