

MORNING MOCHA

17 June 2026

 ECONOMIST
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Housing starts in the US fell by (-) 15.4% on MoM basis to 1.18mn units (est.: 1.43mn), following (-) 8.7% decline in Apr'26. Elevated interest rates and rise in input prices has curtailed the investment activity. In Asia, Japan's trade data came in stronger than expected with exports rising by 17% (YoY)—highest since Nov'22, led by demand for automobiles and semiconductors. This was also largely on account of higher prices versus higher volumes (0.5% increase). China and US led the growth. Imports rose by 12.5% in May'25, lower than estimated 12.8%, as petroleum exports fell by (-) 28.5%. Markets now await US Fed's policy decision later today. The Fed is widely expected to keep rates unchanged this time. Analysts have reduced the odds of a rate hike in H2CY26. Domestically, government has raised windfall tax on diesel exports to Rs 14/lt and on ATF exports to Rs 12.5/lt, with effect from 16 Jun 2026.

- Global indices closed mixed as investors continue to track developments post the peace-deal announcement. Investors also turned their focus towards the upcoming Fed policy meet. Sensex continued the upward momentum driven by rally in real estate and IT related stocks. It is trading higher today while other Asian indices are trading lower.

Table 1 – Stock markets

	15-06-2026	16-06-2026	Change, %
Dow Jones	51,671	52,000	0.6
S & P 500	7,554	7,511	(0.6)
FTSE	10,431	10,494	0.6
Nikkei	69,318	69,405	0.1
Hang Seng	24,843	24,494	(1.4)
Shanghai Comp	4,096	4,092	(0.1)
Sensex	76,264	76,808	0.7
Nifty	23,854	23,989	0.6

Source: Bloomberg, Bank of Baroda Research

- Barring CNY and JPY, other global currencies ended higher. DXY closed steady as investors brace for the Fed's rate decision. US\$ is expected to weaken with truce in the Middle East. INR strengthened supported by FII inflows and lower oil prices. It is trading stronger today while Asian currencies are trading mixed.

Table 2 – Currencies

	15-06-2026	16-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1590	1.1608	0.2
GBP/USD (1 GBP / USD)	1.3414	1.3426	0.1
USD/JPY (JPY / 1 USD)	160.34	160.43	(0.1)
USD/INR (INR / 1 USD)	94.72	94.57	0.2
USD/CNY (CNY / 1 USD)	6.7576	6.7567	0
DXY Index	99.63	99.64	0

Source: Bloomberg, Bank of Baroda Research



- Except Japan (higher), other global yields continued to decline. US 10Y yield fell by 3bps as investors await Fed's rate decision later today and track declining new housing starts data. Japan's 10Y yield rose by 6bps, as analysts expect more rate hikes from BoJ in the coming months. India's 10Y yield remained steady, and is trading lower at 6.85% today, following global cues and dip in oil prices.

Table 3 – Bond 10Y yield

	15-06-2026	16-06-2026	Change, bps
US	4.47	4.44	(3)
UK	4.81	4.79	(2)
Germany	2.95	2.93	(2)
Japan	2.58	2.64	6
China	1.74	1.74	(1)
India	6.88	6.88	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	15-06-2026	16-06-2026	Change, bps
Tbill-91 days	5.27	5.23	(4)
Tbill-182 days	5.50	5.47	(3)
Tbill-364 days	5.82	5.80	(2)
G-Sec 2Y	6.17	6.05	(12)
India OIS-2M	5.36	5.37	1
India OIS-9M	5.75	5.72	(3)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.69	4

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	15-06-2026	16-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.5	0.2	(1.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	12-06-2026	15-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	315.0	335.4	20.4
Debt	377.5	228.3	(149.3)
Equity	(62.6)	107.1	169.7
Mutual funds (Rs cr)	(8,515.5)	(3,281.9)	5,233.7
Debt	(10,646.8)	(7,286.4)	3,360.5
Equity	2,131.3	4,004.5	1,873.2

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

- Oil prices have fallen below US\$ 80/bbl mark, tracking slowdown in China's economy, elevated interest rates and possibility of rapid increase in oil supplies.

Table 7 – Commodities

	15-06-2026	16-06-2026	Change, %
Brent crude (US\$/bbl)	83.2	79.0	(5.1)
Gold (US\$/ Troy Ounce)	4,311.7	4,331.2	0.5
Copper (US\$/ MT)	13,669.7	13,699.9	0.2
Zinc (US\$/MT)	3,571.0	3,548.0	(0.6)
Aluminium (US\$/MT)	3,379.5	3,388.5	0.3

Source: Bloomberg, Bank of Baroda Research



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