

**MORNING MOCHA**

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 ECONOMIST  
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US Fed decided to keep the rates on hold at 3.5-3.75%, as economy remains on solid ground, with unemployment rate holding steady. The statement acknowledged that price pressures remain due to supply shocks and energy prices. PCE inflation has been revised upwards to 3.6% for CY26 (2.7% projected in Mar'26) and GDP growth estimate has been lowered to 2.2% from 2.4% earlier. Dot plot indicates 9 out of 18 members expect rates to go up going forward. Market participants expect first rate hike in Oct'26. Separately, in the UK, inflation in May'26 came in at 2.8% (unchanged from Apr'26 and lower than estimated 3%, helped by food inflation (meat, vegetables, dairy items). BoE is expected to hold rates unchanged later today. Also, a signed MoU between US and Iran has now come into effect, which will further help keep oil prices low and allow BoE to hold rates steady for longer.

- Barring US indices and Hang Seng, other indices closed higher as investors tracked the progress of peace deal. US indices slipped after US Fed maintained status quo on rates, while raising inflation projection and lowering growth estimates. Sensex advanced led by a rally in capital goods and consumer durable stocks. It is trading lower today in line with Asian indices.

**Table 1 – Stock markets**

	16-06-2026	17-06-2026	Change, %
Dow Jones	52,000	51,493	(1.0)
S & P 500	7,511	7,420	(1.2)
FTSE	10,494	10,509	0.1
Nikkei	69,405	69,902	0.7
Hang Seng	24,494	24,312	(0.7)
Shanghai Comp	4,092	4,108	0.4
Sensex	76,808	77,156	0.5
Nifty	23,989	24,086	0.4

Source: Bloomberg, Bank of Baroda Research

- Except INR (flat), other global currencies closed lower. US\$ strengthened amidst hawkish signals by the new US Fed Chair. GBP weakened as inflation came in below expectations at 2.8%, bolstering the scope of no rate change by BoE. INR is trading lower today while other Asian currencies are trading mixed.

**Table 2 – Currencies**

	16-06-2026	17-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1608	1.1501	(0.9)
GBP/USD (1 GBP / USD)	1.3426	1.3293	(1.0)
USD/JPY (JPY / 1 USD)	160.43	160.65	(0.1)
USD/INR (INR / 1 USD)	94.57	94.53	0
USD/CNY (CNY / 1 USD)	6.7567	6.7607	(0.1)
DXI Index	99.54	100.09	0.6

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. US 10Y yield rose by 5bps as investors monitored Fed's hawkish rate decision and upwardly revised inflation projections. In the UK, analysts reacted to lower-than-expected May'26 inflation print, which in turn will give room to BoE to hold rates steady for a longer period. India's 10Y yield remained steady, and is trading tad lower at 6.87%, following global cues.

**Table 3 – Bond 10Y yield**

	16-06-2026	17-06-2026	Change, bps
US	4.44	4.49	5
UK	4.79	4.75	(4)
Germany	2.93	2.93	0
Japan	2.64	2.60	(4)
China	1.74	1.73	0
India	6.88	6.88	0

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	16-06-2026	17-06-2026	Change, bps
Tbill-91 days	5.23	5.25	2
Tbill-182 days	5.47	5.49	2
Tbill-364 days	5.80	5.77	(3)
G-Sec 2Y	6.05	6.05	0
India OIS-2M	5.37	5.36	(1)
India OIS-9M	5.72	5.69	(3)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.69	3.63	(6)

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	16-06-2026	17-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.2	0.2	0

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	15-06-2026	16-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	335.4	679.5	344.2
Debt	228.3	374.9	146.6
Equity	107.1	304.7	197.5
Mutual funds (Rs cr)	(3,281.9)	(2,812.0)	469.9
Debt	(7,286.4)	(3,981.5)	3,304.9
Equity	4,004.5	1,169.5	(2,835.0)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 12 and 15 Jun 2026

- Oil prices rose a tad, as markets await details of MoU agreed by US and Iran and evaluate demand side concerns of elevated interest rates in the US.

**Table 7 – Commodities**

	16-06-2026	17-06-2026	Change, %
Brent crude (US\$/bbl)	79.0	79.6	0.7
Gold (US\$/ Troy Ounce)	4,331.2	4,256.9	(1.7)
Copper (US\$/ MT)	13,699.9	13,763.5	0.5
Zinc (US\$/MT)	3,548.0	3,576.4	0.8
Aluminium (US\$/MT)	3,388.5	3,410.5	0.6

Source: Bloomberg, Bank of Baroda Research



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