

MORNING MOCHA

18 March 2026

 ECONOMIST
Aditi Gupta

Investors' focus has turned to central bank meetings even as tensions in West Asia have remained elevated. Oil prices continue to trade above the US\$ 100/bbl, as shipping through the Strait of Hormuz remains effectively at a standstill. On the macro front, ZEW economic sentiment index for Germany declined sharply to (-) 0.5 in Mar'26 (est. 39) from 58.3 in Feb'26. The fall was attributed to heightened uncertainty due to geo-political tensions. In the US, pending home sales increased by 1.8% in Feb'26 on a MoM basis, due to a decline in mortgage rates. Separately, Japan's exports increased by 4.2% in Feb'26, after increasing by 16.8% in Jan'26. The slowdown was attributed to decline in exports to US and China. On the other hand, imports increased 10.2% in Feb'26, reversing a fall of 2.6% in Jan'26.

- Except China and Japan, other global indices ended in green. Stocks recovered despite a further uptick in global oil prices. In US, gains were largely attributed to airlines and travel related stocks. FTSE rose as well, as investors await comments from BoE. In India, Sensex rose by 0.8%, led by a pickup in metal and auto stocks. It is trading further higher today, in line with other Asian stocks.

Table 1 – Stock markets

	16-03-2026	17-03-2026	Change, %
Dow Jones	46,946	46,993	0.1
S & P 500	6,699	6,716	0.2
FTSE	10,318	10,404	0.8
Nikkei	53,751	53,700	(0.1)
Hang Seng	25,834	25,869	0.1
Shanghai Comp	4,085	4,050	(0.9)
Sensex	75,503	76,071	0.8
Nifty	23,409	23,581	0.7

Source: Bloomberg, Bank of Baroda Research

- Global currencies broadly appreciated against the dollar. DXY was weaker ahead of Fed's policy decision. Despite a sharp decline in investor sentiment in Germany, EUR appreciated by 0.3%. INR appreciated marginally. However, it is trading weaker today, while other Asian currencies are trading mostly higher.

Table 2 – Currencies

	16-03-2026	17-03-2026	Change, %
EUR/USD (1 EUR / USD)	1.1505	1.1540	0.3
GBP/USD (1 GBP / USD)	1.3320	1.3356	0.3
USD/JPY (JPY / 1 USD)	159.07	159.00	0
USD/INR (INR / 1 USD)	92.43	92.38	0
USD/CNY (CNY / 1 USD)	6.8906	6.8848	0.1
DXY Index	99.71	99.58	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Except Japan and India, other global yields ended lower. 10Y yields in US, UK and Germany declined ahead of policy decisions of the respective central banks. Japan's 10Y yield ended stable tracking comments from BoJ and government officials. India's 10Y yield rose marginally by 1bps. It is trading at similar levels today.

Table 3 – Bond 10Y yield

	16-03-2026	17-03-2026	Change, bps
US	4.22	4.20	(2)
UK	4.77	4.69	(8)
Germany	2.95	2.91	(5)
Japan	2.28	2.28	0
China	1.85	1.84	(1)
India	6.71	6.71	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	16-03-2026	17-03-2026	Change, bps
Tbill-91 days	5.34	5.32	(2)
Tbill-182 days	5.50	5.50	0
Tbill-364 days	5.59	5.60	1
G-Sec 2Y	5.97	5.98	1
India OIS-2M	5.44	5.42	(2)
India OIS-9M	5.71	5.68	(3)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.70	5

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	16-03-2026	17-03-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.8	0.8	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	13-03-2026	16-03-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1,326.0)	(995.7)	330.3
Debt	(154.7)	22.4	177.1
Equity	(1,171.3)	(1,018.1)	153.2
Mutual funds (Rs cr)	(9,975.2)	(1,640.2)	8,335.0
Debt	(15,269.8)	(9,343.3)	5,926.5
Equity	5,294.6	7,703.1	2,408.5

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 12 Mar & 13 Mar 2026

- Oil prices rose by over 3% as investors monitored the situation in Middle East.

Table 7 – Commodities

	16-03-2026	17-03-2026	Change, %
Brent crude (US\$/bbl)	100.2	103.4	3.2
Gold (US\$/ Troy Ounce)	5,006.4	5,005.6	0
Copper (US\$/ MT)	12,753.5	12,661.5	(0.7)
Zinc (US\$/MT)	3,226.3	3,179.3	(1.5)
Aluminium (US\$/MT)	3,395.5	3,399.5	0.1

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com