

MORNING MOCHA

19 January 2026

ECONOMIST

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US industrial production data shows that activity rose at a steady pace in Dec'25 by 0.4% (MoM) unchanged from the previous month (revised upwards from 0.2% to 0.4%). However, manufacturing output slowed to 0.2% from 0.3% in Nov'25. Within this, production of primary metals, electronics/aerospace equipment, and furniture products registered significant upward momentum. However, production of motor vehicles, textiles, apparel and leather, wood products, fell notably. Impact of tariffs is still unclear as news reports indicate that sourcing of raw materials has been front loaded. Separately, US President Trump has announced plans of imposing 10% tariffs on European and NATO allies from Feb 1 and this would be raised to 25% by Jun'26. Domestically, our FX reserves as of 9 Jan'26 remain broadly stable at US\$ 687.2bn versus US\$ 686.8bn in the previous week.

- Barring domestic markets and FTSE, other global indices closed lower. US indices were marginally down despite a good earnings report from the banking and technology sector. However, concerns pertaining to the new Fed official weighed on indices. Sensex advanced, supported by gains in IT, media related, and banking stocks. However, it is trading lower today in line with Asian stocks.

Table 1 – Stock markets

	15-01-2026	16-01-2026	Change, %
Dow Jones	49,442	49,359	(0.2)
S & P 500	6,944	6,940	(0.1)
FTSE	10,239	10,235	0
Nikkei	54,111	53,936	(0.3)
Hang Seng	26,924	26,845	(0.3)
Shanghai Comp	4,113	4,102	(0.3)
Sensex	83,383	83,570	0.2
Nifty	25,666	25,694	0.1

Source: Bloomberg, Bank of Baroda Research, Note: Indian markets were closed on 15 Jan 2026

- Global currencies closed mixed. DXY strengthened to 1-month high, amidst reduced expectations of a rate cut in the next policy meet. INR depreciated amidst higher oil prices and led by stronger demand for US\$. It is trading higher today while other Asian currencies are trading mixed.

Table 2 – Currencies

	15-01-2026	16-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1609	1.1598	(0.1)
GBP/USD (1 GBP / USD)	1.3381	1.3380	0
USD/JPY (JPY / 1 USD)	158.63	158.12	0.3
USD/INR (INR / 1 USD)	90.30	90.87	(0.6)
USD/CNY (CNY / 1 USD)	6.9671	6.9703	0
DXY Index	99.32	99.39	0.1

Source: Bloomberg, Bank of Baroda Research| Note: Indian markets were closed on 15 Jan 2026



- Except China, other global yields closed higher. US 10Y yield rose the most as investors analyse the impact of rising geopolitical uncertainties and strong macro data (industrial production, capacity utilization). Japan's 10Y yield rose as fiscal concerns remain at the forefront. India's 10Y also rose by 3bps, to 6.68%, tracking weekly auction results. It is trading at 6.68% today.

Table 3 – Bond 10Y yield

	15-01-2026	16-01-2026	Change, bps
US	4.17	4.22	5
UK	4.39	4.40	1
Germany	2.82	2.84	2
Japan	2.16	2.19	3
China	1.85	1.84	(1)
India	6.65	6.68	3

Source: Bloomberg, Bank of Baroda Research| Note: Indian markets were closed on 15 Jan 2026

Table 4 – Short term rates

	15-01-2026	16-01-2026	Change, bps
Tbill-91 days	5.32	5.34	2
Tbill-182 days	5.57	5.60	3
Tbill-364 days	5.61	5.61	0
G-Sec 2Y	5.78	5.81	2
India OIS-2M	5.34	5.36	2
India OIS-9M	5.45	5.48	3
SONIA int rate benchmark	3.72	3.72	0
US SOFR	3.64	3.66	2

Source: Bloomberg, Bank of Baroda Research| Note: Indian markets were closed on 15 Jan 2026

Table 5 – Liquidity

Rs tn	14-01-2026	16-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.8	1.2	0.4

Source: RBI, Bank of Baroda Research| Note: Indian markets were closed on 15 Jan 2026

Table 6 – Capital market flows

	13-01-2026	14-01-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(483.3)	(504.8)	(21.5)
Debt	(435.7)	(115.1)	320.6
Equity	(47.6)	(389.7)	(342.1)
Mutual funds (Rs cr)	4,499.0	(6,121.5)	(10,620.5)
Debt	(51.9)	(6,138.6)	(6,086.7)
Equity	4,550.9	17.1	(4,533.8)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 12 Jan and 13 Jan 2026| Note: Indian markets were closed on 15 Jan 2026

- Oil prices rose, as supply risks persist if tensions in Middle East escalate.

Table 7 – Commodities

	15-01-2026	16-01-2026	Change, %
Brent crude (US\$/bbl)	63.8	64.1	0.6
Gold (US\$/ Troy Ounce)	4,616.2	4,596.1	(0.4)
Copper (US\$/ MT)	13,143.6	12,864.5	(2.1)
Zinc (US\$/MT)	3,286.9	3,174.2	(3.4)
Aluminium (US\$/MT)	3,167.5	3,134.0	(1.1)

Source: Bloomberg, Bank of Baroda Research



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