

Investors globally are monitoring developments of peace negotiations between US and Iran. The latest proposal by Iran has indicated that it may agree not to pursue a nuclear weapon. However, since there are no commitments regarding enrichment of Uranium, the deal has hit a snag. Countries like Qatar, Egypt, and Saudi Arabia are said to be involved in the mediation process. On the macro front, Japan recorded 2.1% GDP growth in Q1CY26, up from estimated 1.7% and 0.8% in Q4CY25. This indicates that the economy was on a solid footing, supported by private consumption (0.3%) and export growth (0.3%). In China, Apr'26 data showed that industrial production (4.1% versus 5.7% in Mar'26), retail sales (0.2% versus 1.7%) and FAI (-1.6% in Jan-Apr versus 1.7% in Q1), all slowed reflecting deepening global energy crisis. Domestically, government has raised pump price of diesel by Rs 0.91/lit and petrol by Rs 0.87/lit—second hike in 5 days.

- Global indices closed mixed as investors continue to track the ongoing developments in the Middle East. Awaiting earnings report from a tech giant, US indices ended mixed. FTSE surged the most. Sensex rebounded with gains in IT related stocks. It is trading higher today in line with other Asian indices.

Table 1 – Stock markets

	15-05-2026	18-05-2026	Change, %
Dow Jones	49,526	49,686	0.3
S & P 500	7,409	7,403	(0.1)
FTSE	10,195	10,324	1.3
Nikkei	61,409	60,816	(1.0)
Hang Seng	25,963	25,675	(1.1)
Shanghai Comp	4,135	4,132	(0.1)
Sensex	75,238	75,315	0.1
Nifty	23,644	23,650	0

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed against US\$. DXY retreated as investors turned watchful on news pertaining to conflict and ahead of the Fed minutes which might offer cues on rate trajectory. INR slipped to a record low amidst rising oil prices. It is trading weaker today while other Asian currencies are trading mixed.

Table 2 – Currencies

	15-05-2026	18-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1625	1.1656	0.3
GBP/USD (1 GBP / USD)	1.3326	1.3434	0.8
USD/JPY (JPY / 1 USD)	158.74	158.82	(0.1)
USD/INR (INR / 1 USD)	95.97	96.36	(0.4)
USD/CNY (CNY / 1 USD)	6.8127	6.8001	0.2
DXI Index	99.28	99.13	(0.2)

Source: Bloomberg, Bank of Baroda Research



- Except Japan and India, other global yields inched down. UK's 10Y yield fell the most, followed by that of Germany and US. Investors await developments on negotiations between US and Iran. India's 10Y yield rose by 7bps, tracking elevated oil prices and rise in CNG prices. However, following global cues and despite rise in domestic fuel prices, it is trading a tad lower at 7.10% today.

Table 3 – Bond 10Y yield

	15-05-2026	18-05-2026	Change, bps
US	4.59	4.59	(1)
UK	5.17	5.10	(7)
Germany	3.17	3.15	(2)
Japan	2.72	2.74	2
China	1.76	1.75	(1)
India	7.06	7.13	7

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	15-05-2026	18-05-2026	Change, bps
Tbill-91 days	5.42	5.45	3
Tbill-182 days	5.54	5.64	10
Tbill-364 days	5.73	5.79	6
G-Sec 2Y	6.37	6.37	0
India OIS-2M	5.48	5.54	6
India OIS-9M	5.96	6.09	13
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.56	3.55	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	15-05-2026	18-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.5	1.8	(0.7)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	14-05-2026	15-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(27.7)	295.4	323.1
Debt	(143.8)	64.0	207.8
Equity	116.1	231.4	115.3
Mutual funds (Rs cr)	3,267.7	(2,843.0)	(6,110.7)
Debt	(1,538.4)	(3,167.0)	(1,628.6)
Equity	4,806.1	324.0	(4,482.1)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 13 May and 14 May 2026

- Oil prices rose further, as tensions between US and Iran remain elevated.

Table 7 – Commodities

	15-05-2026	18-05-2026	Change, %
Brent crude (US\$/bbl)	109.3	112.1	2.6
Gold (US\$/ Troy Ounce)	4,540.1	4,566.7	0.6
Copper (US\$/ MT)	13,503.1	13,532.2	0.2
Zinc (US\$/MT)	3,519.2	3,507.5	(0.3)
Aluminium (US\$/MT)	3,563.0	3,569.0	0.2

Source: Bloomberg, Bank of Baroda Research



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