

**MORNING MOCHA**

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As per LSEG data, global equity funds registered an inflow (US\$ 20.1bn against US\$ 1.6bn in previous week) for the 4th straight week after treasury yields soared to near two- and half decade high. While bonds continue to attract investors with US\$ 7.8bn inflow this week, the commodity funds registered an outflow with sales of US\$ 1.1bn in gold and other precious metals. This week, investors will track UK's inflation. BoE's Governor noted the second-round effects of higher energy prices could be limited. Investors are pricing in a rate hike in the next meet. In India, port cargo registered a growth of 7.2% during Apr-Aug'26 period with petroleum and crude (up by 3.1%) being the largest commodity. Separately, US has waived off sanctions that had initially allowed 100% tariffs on India if they purchased oil and gas from Russia.

- Barring US indices, other global indices ended higher. US indices slipped amidst renewed pressure on technology stocks. Post a sharp sell-off (-5% drop in the previous session), Nikkei rebounded with gains in chipmaking and banking stocks. Sensex too advanced with a rally in IT related, metal and auto stocks. However, it is trading weaker today; Asian stocks are trading higher.

**Table 1 – Stock markets**

|               | 15-10-2026 | 16-10-2026 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones     | 52,178     | 52,002     | (0.3)     |
| S & P 500     | 7,744      | 7,659      | (1.1)     |
| FTSE          | 10,840     | 10,882     | 0.4       |
| Nikkei        | 64,426     | 65,324     | 1.4       |
| Hang Seng     | 24,063     | 24,187     | 0.5       |
| Shanghai Comp | 3,707      | 3,716      | 0.2       |
| Sensex        | 74,316     | 74,729     | 0.6       |
| Nifty         | 22,997     | 23,146     | 0.6       |

Source: Bloomberg, Bank of Baroda Research

- Except JPY, other global currencies gained against a weaker dollar. DXY fell by 0.2% tracking recent comments of Fed officials (Chairman Warsh and Cleveland Fed Governor Hammack). GBP appreciated the most by 0.4% tracking a better-than-expected macro data. INR rose by 0.1% and is trading stronger today. Asian currencies are trading mixed.

**Table 2 – Currencies**

|                       | 15-10-2026 | 16-10-2026 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1220     | 1.1239     | 0.2       |
| GBP/USD (1 GBP / USD) | 1.3275     | 1.3327     | 0.4       |
| USD/JPY (JPY / 1 USD) | 158.00     | 158.02     | 0         |
| USD/INR (INR / 1 USD) | 95.06      | 94.96      | 0.1       |
| USD/CNY (CNY / 1 USD) | 6.6911     | 6.6866     | 0.1       |
| DXY Index             | 102.00     | 101.84     | (0.2)     |

Source: Bloomberg, Bank of Baroda Research



- Global yields remained range bound. Except for UK, China and India, 10Y yields rose marginally elsewhere. US 10Y yield was up by 1bps, tracking better than expected industrial production data and rise in import price index. Japan's 10Y yield rose by 3bps as central bank Governor Ueda reaffirmed that inflation rising above 2% level will be intolerable for BoJ. India 10Y yield fell by 1bps. It is trading lower today at 7.35%.

**Table 3 – Bond 10Y yield**

|         | 15-10-2026 | 16-10-2026 | Change, bps |
|---------|------------|------------|-------------|
| US      | 5.06       | 5.07       | 1           |
| UK      | 5.37       | 5.37       | 0           |
| Germany | 3.41       | 3.43       | 1           |
| Japan   | 2.90       | 2.93       | 3           |
| China   | 1.65       | 1.65       | (1)         |
| India   | 7.39       | 7.38       | (1)         |

Source: Bloomberg, Bank of Baroda Research:

**Table 4 – Short term rates**

|                          | 15-10-2026 | 16-10-2026 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days            | 5.73       | 5.78       | 5           |
| Tbill-182 days           | 6.30       | 6.35       | 5           |
| Tbill-364 days           | 6.49       | 6.53       | 4           |
| G-Sec 2Y                 | 6.81       | 6.92       | 11          |
| India OIS-2M             | 5.82       | 5.88       | 6           |
| India OIS-9M             | 6.41       | 6.41       | 0           |
| SONIA int rate benchmark | 3.73       | 3.73       | 0           |
| US SOFR                  | 3.88       | 3.89       | 1           |

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

| Rs tn                             | 15-10-2026 | 16-10-2026 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 2.4        | 2.0        | (0.4)          |

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

|                      | 14-10-2026 | 15-10-2026 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn)        | 118.6      | (526.5)    | (645.0)                |
| Debt                 | 234.6      | (90.4)     | (324.9)                |
| Equity               | (116.0)    | (436.1)    | (320.1)                |
| Mutual funds (Rs cr) | (1,949.7)  | 2,581.8    | 4,531.5                |
| Debt                 | (3,686.9)  | (363.1)    | 3,323.8                |
| Equity               | 1,737.2    | 2,944.9    | 1,207.7                |

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 12 Oct and 13 Oct 2026

- Oil prices surged as tensions escalated in Middle East, post attacks on commercial and cargo vessels in the Strait of Hormuz.

**Table 7 – Commodities**

|                         | 15-10-2026 | 16-10-2026 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl)  | 105.9      | 109.9      | 3.7       |
| Gold (US\$/ Troy Ounce) | 4,171.4    | 4,165.6    | (0.1)     |
| Copper (US\$/ MT)       | 14,421.1   | 14,496.9   | 0.5       |
| Zinc (US\$/MT)          | 3,692.3    | 3,729.9    | 1.0       |
| Aluminium (US\$/MT)     | 2,987.0    | 3,001.5    | 0.5       |

Source: Bloomberg, Bank of Baroda Research



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