

**MORNING MOCHA**

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 ECONOMIST  
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Global markets cheered the announcement of 10-day ceasefire between Israel and Lebanon. Yields in US and Europe tumbled, stock indices rebounded, and oil prices have fallen notably. Gold rose by 0.8%, as de-escalation of tensions in the Middle East has raised hopes for Fed rate cut later this year. However, Iran has clarified that complete opening of Strait of Hormuz is conditional to removal of US blockade from Iranian ports. Therefore, some uncertainty remains. On the macro front, current account surplus of the Eurozone declined in Feb'26 to €24.9bn from €40.4bn in Jan'26, dragged by dip in trade surplus to €7bn from €12.8bn. China's PBOC has left its benchmark LPR (1Y: 3%; 5Y: 3.5%) unchanged for the 11<sup>th</sup> month in Apr'26. This is on the back of strong Q1CY26 GDP growth (5% versus 4.5% in Q4CY25) and as officials are still assessing the impact due to tensions in the Middle East.

- Global indices closed mixed. US indices inched up with news report stating that the Strait of Hormuz is now open during the ceasefire period. On the other hand, Nikkei retreated from a record high led by losses in technology stocks. Sensex edged up with strong gains noted in FMCG, capital goods and power stocks. However, it is trading lower today, while other Asian indices are trading higher.

**Table 1 – Stock markets**

	16-04-2026	17-04-2026	Change, %
Dow Jones	48,579	49,447	1.8
S & P 500	7,041	7,126	1.2
FTSE	10,590	10,668	0.7
Nikkei	59,518	58,476	(1.8)
Hang Seng	26,394	26,160	(0.9)
Shanghai Comp	4,056	4,051	(0.1)
Sensex	77,989	78,494	0.6
Nifty	24,197	24,354	0.6

Source: Bloomberg, Bank of Baroda Research

- Barring EUR and GBP, other global currencies closed higher. DXY slipped and signalled weakness, as US-Iran peace talks gain further momentum, capping demand for safe-haven. INR appreciated, tracking lower oil prices. However, it is trading weaker today, while other Asian currencies are trading stronger.

**Table 2 – Currencies**

	16-04-2026	17-04-2026	Change, %
EUR/USD (1 EUR / USD)	1.1781	1.1765	(0.1)
GBP/USD (1 GBP / USD)	1.3527	1.3516	(0.1)
USD/JPY (JPY / 1 USD)	159.17	158.64	0.3
USD/INR (INR / 1 USD)	93.20	92.93	0.3
USD/CNY (CNY / 1 USD)	6.8226	6.8182	0.1
DXY Index	98.22	98.10	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Barring yields in Asia, other global yields fell sharply. 10Y yield in UK fell the most, followed by Germany and US. Investors cheered the news of ceasefire announced between Israel and Lebanon. India's 10Y yield rose by 2bps. Following the news of uncertainty around the opening of Strait of Hormuz, it is trading unchanged at 6.91% today.

**Table 3 – Bond 10Y yield**

	16-04-2026	17-04-2026	Change, bps
US	4.31	4.25	(6)
UK	4.85	4.76	(9)
Germany	3.03	2.96	(7)
Japan	2.41	2.42	1
China	1.78	1.77	(1)
India	6.89	6.91	2

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	16-04-2026	17-04-2026	Change, bps
Tbill-91 days	5.16	5.15	(1)
Tbill-182 days	5.37	5.38	1
Tbill-364 days	5.55	5.52	(3)
G-Sec 2Y	5.97	5.94	(3)
India OIS-2M	5.28	5.30	2
India OIS-9M	5.63	5.64	1
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.72	3.67	(5)

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	16-04-2026	17-04-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	4.1	4.4	0.3

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	15-04-2026	16-04-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	180.2	283.0	102.9
Debt	(151.7)	109.3	261.0
Equity	331.8	173.7	(158.1)
Mutual funds (Rs cr)	9,774.9	6,682.4	(3,092.5)
Debt	4,830.1	1,195.3	(3,634.8)
Equity	4,944.7	5,487.0	542.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 6 Apr and 7 Apr 2026

- Crude price plunged, following the news of re-opening of the Strait of Hormuz.

**Table 7 – Commodities**

	16-04-2026	17-04-2026	Change, %
Brent crude (US\$/bbl)	99.4	90.4	(9.1)
Gold (US\$/ Troy Ounce)	4,790.1	4,830.3	0.8
Copper (US\$/ MT)	13,206.2	13,281.9	0.6
Zinc (US\$/MT)	3,418.4	3,442.8	0.7
Aluminium (US\$/MT)	3,643.5	3,564.5	(2.2)

Source: Bloomberg, Bank of Baroda Research



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