

**MORNING MOCHA**

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**ECONOMIST**  
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US President Donald Trump has recently announced tariffs on eight targeted European nations from 1 Feb 2026 (10%). This will be increased to 25% from 1 Jun 2026, until the matter of acquisition of Greenland is resolved. In response to this, news reports indicate that these nations are planning to impose retaliatory tariffs on €93bn worth of imports from the US. Apart from this, Supreme Court of the US is also set to announce its verdict on the validity of US tariffs today. Separately in China, growth target for CY25 was met as GDP rose by 5% (5.2% in CY24), even as Q4CY25 GDP slowed (4.5% versus 4.8% in Q3). This was led by support from export boom, while domestic activity remains muted. Industrial output rose by 5.9% and retail sales by 3.7%. In Japan, PM has announced snap elections for 8 Feb 2026, with hopes to garner a majority in the lower house.

- Barring Shanghai Comp, other global indices closed lower amidst threats of additional tariffs on European nations by the US, fuelling trade tensions and adding to the uncertainty in the global market. Amongst other indices, Hang Seng and Nikkei dropped the most. Sensex too slipped with losses in real estate and oil & gas stocks. It is trading lower today in line with Asian stocks.

**Table 1 – Stock markets**

	16-01-2026	19-01-2026	Change, %
Dow Jones	49,442	49,359	(0.2)
S & P 500	6,944	6,940	(0.1)
FTSE	10,235	10,195	(0.4)
Nikkei	53,936	53,584	(0.7)
Hang Seng	26,845	26,564	(1.0)
Shanghai Comp	4,102	4,114	0.3
Sensex	83,570	83,246	(0.4)
Nifty	25,694	25,586	(0.4)

Source: Bloomberg, Bank of Baroda Research| Note: US markets were closed on 19 Jan 2026

- Except INR and JPY, other global currencies closed higher against US\$. DXY remained steady, amidst escalating trade tensions between US and Europe. INR fell despite lower oil prices and given strong US\$ demand from metal importers. It is trading weaker today; other Asian currencies are trading mixed.

**Table 2 – Currencies**

	16-01-2026	19-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1598	1.1646	0.4
GBP/USD (1 GBP / USD)	1.3380	1.3425	0.3
USD/JPY (JPY / 1 USD)	158.12	158.11	0
USD/INR (INR / 1 USD)	90.87	90.92	(0.1)
USD/CNY (CNY / 1 USD)	6.9703	6.9641	0.1
DXY Index	99.39	99.39	0

Source: Bloomberg, Bank of Baroda Research| Note: US markets were closed on 19 Jan 2026



- Global yields closed mixed. Japan's 10Y bond yield jumped to its 27-year high, as PM Sanae Takaichi announced snap elections, to be held on 8 Feb 2026. Investors are now eyeing BoJ's guidance on rate trajectory, due this Friday, and its revised growth projections for further cues on rates. India's 10Y also rose, by 1bps to 6.68%, tracking global cues. It is trading unchanged at 6.68% today.

**Table 3 – Bond 10Y yield**

	16-01-2026	19-01-2026	Change, bps
US	4.17	4.22	5
UK	4.40	4.42	1
Germany	2.84	2.84	0
Japan	2.19	2.27	8
China	1.84	1.84	0
India	6.68	6.68	1

Source: Bloomberg, Bank of Baroda Research| Note: US markets were closed on 19 Jan 2026

**Table 4 – Short term rates**

	16-01-2026	19-01-2026	Change, bps
Tbill-91 days	5.34	5.40	6
Tbill-182 days	5.60	5.61	1
Tbill-364 days	5.61	5.56	(5)
G-Sec 2Y	5.81	5.81	0
India OIS-2M	5.36	5.37	1
India OIS-9M	5.48	5.51	3
SONIA int rate benchmark	3.72	3.72	0
US SOFR	3.64	3.66	2

Source: Bloomberg, Bank of Baroda Research| Note: US markets were closed on 19 Jan 2026

**Table 5 – Liquidity**

Rs tn	16-01-2026	19-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.2	0.8	(0.4)

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	14-01-2026	16-01-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(504.8)	(498.2)	6.7
Debt	(115.1)	3.0	118.1
Equity	(389.7)	(501.2)	(111.4)
Mutual funds (Rs cr)	(6,121.5)	645.4	6,766.9
Debt	(6,138.6)	(2,571.0)	3,567.6
Equity	17.1	3,216.4	3,199.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 13 Jan and 14 Jan 2026| Note: Indian markets were closed on 15 Jan 26

- Oil prices fell a tad, as tensions over Iran have eased a little.

**Table 7 – Commodities**

	16-01-2026	19-01-2026	Change, %
Brent crude (US\$/bbl)	64.1	63.9	(0.3)
Gold (US\$/ Troy Ounce)	4,596.1	4,670.9	1.6
Copper (US\$/ MT)	12,864.5	13,033.1	1.3
Zinc (US\$/MT)	3,174.2	3,179.8	0.2
Aluminium (US\$/MT)	3,134.0	3,158.5	0.8

Source: Bloomberg, Bank of Baroda Research



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