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Major global central banks left rates steady as the conflict in West Asia raised concerns over the inflation outlook. Policymakers in the US, UK, EU and Japan, reiterated the need for caution amidst elevated energy prices due to the crisis. While investors do not expect any rate movement from the Fed this year as of now, expectations of rate hikes in the UK, EU and Japan have increased. This is likely to weigh on the dollar. Separately, China also kept its policy rate unchanged for the 10th straight month. In India, INR depreciated to a record low amidst elevated oil prices and continued FPI outflows.

- Global equity markets witnessed a sharp sell-off as investors monitored comments from global central banks and the continued conflict in West Asia. Investors now do not expect rate cuts from major global central bank as oil prices remain elevated. Asian markets declined the most. In India, Sensex declined by over 3%, led by losses in real estate and consumer durables stocks. It is however trading higher today, in line with other Asian currencies.

Table 1 – Stock markets

	18-03-2026	19-03-2026	Change, %
Dow Jones	46,225	46,021	(0.4)
S & P 500	6,625	6,606	(0.3)
FTSE	10,305	10,064	(2.3)
Nikkei	55,239	53,373	(3.4)
Hang Seng	26,025	25,501	(2.0)
Shanghai Comp	4,063	4,007	(1.4)
Sensex	76,704	74,207	(3.3)
Nifty	23,778	23,002	(3.3)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies ended higher. DXY retreated as investors expect a divergence in the path of global monetary policy. JPY rose the most by 1.4% as BoJ hinted at future rate hikes. EUR and GBP also rose as investors have raised expectations of rate hikes this year. INR is trading at a record low of 92.91/\$ today. Other Asian currencies are also trading lower.

Table 2 – Currencies

	18-03-2026	19-03-2026	Change, %
EUR/USD (1 EUR / USD)	1.1452	1.1589	1.2
GBP/USD (1 GBP / USD)	1.3257	1.3431	1.3
USD/JPY (JPY / 1 USD)	159.86	157.73	1.4
USD/INR (INR / 1 USD)	92.38	92.64	(0.3)
USD/CNY (CNY / 1 USD)	6.8878	6.8909	0
DXY Index	100.09	99.23	(0.9)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 19 Mar 2026



- Except US, other global yields closed higher. Investors monitored comments from global central banks on future course of monetary policy. UK's 10Y yield jumped the most by 11bps as BoE voted to keep rates steady. 10Y yield in Japan also rose by 6bps after BoJ's hawkish pause. India's 10Y yield is trading at 6.75% today, a 2-month high.

Table 3 – Bond 10Y yield

	18-03-2026	19-03-2026	Change, bps
US	4.27	4.25	(2)
UK	4.74	4.84	11
Germany	2.94	2.96	2
Japan	2.22	2.28	6
China	1.83	1.84	1
India	6.71	6.73	2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 19 Mar 2026

Table 4 – Short term rates

	17-03-2026	18-03-2026	Change, bps
Tbill-91 days	5.32	5.31	(1)
Tbill-182 days	5.50	5.53	3
Tbill-364 days	5.60	5.64	4
G-Sec 2Y	5.97	5.98	1
India OIS-2M	5.41	5.41	0
India OIS-9M	5.69	5.69	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.62	(3)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 19 Mar 2026

Table 5 – Liquidity

Rs tn	17-03-2026	18-03-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.8	0.3	(0.5)

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 19 Mar 2026

Table 6 – Capital market flows

	16-03-2026	17-03-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(995.7)	(633.8)	361.9
Debt	22.4	(171.4)	(193.8)
Equity	(1,018.1)	(462.5)	555.6
Mutual funds (Rs cr)	(9,975.2)	(1,640.2)	8,335.0
Debt	(15,269.8)	(9,343.3)	5,926.5
Equity	5,294.6	7,703.1	2,408.5

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 12 & 13 Mar 2026 | Note: Markets in India were closed on 19 Mar 2026

- Oil prices rose to a near 4-year high as both Iran and Israel targeted oil infrastructure in the Gulf region.

Table 7 – Commodities

	18-03-2026	19-03-2026	Change, %
Brent crude (US\$/bbl)	107.4	108.7	1.2
Gold (US\$/ Troy Ounce)	4,818.5	4,650.0	(3.5)
Copper (US\$/ MT)	12,288.3	12,046.4	(2.0)
Zinc (US\$/MT)	3,092.0	3,036.7	(1.8)
Aluminium (US\$/MT)	3,400.0	3,252.0	(4.4)

Source: Bloomberg, Bank of Baroda Research



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