Bank of Baroda

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Economist
Dipanwita Mazumdar

Global markets monitored major macro and political developments. US Treasury Secretary said that the buyback of securities will continue at an accelerated pace to cap long-term borrowing cost. Apart from this, he spoke of ramping up economic pressure on Iran. Oil prices continued to trade with an upward bias inching up by 2.4% in its last session. Elsewhere, in latest trade related diversification, China and Switzerland agreed on an accord which grants 99.8% of Switzerland exports to China for a free tariff treatment. On macro front, US jobless claim slightly softened to 206K, as on 15 Aug 2026, from previous level of 212K. PPI data of Germany inched up by 3% on YoY basis, in Jul'26. CPI print in Japan inched up by 1.9% and core CPI was elevated at 1.8%, strengthening expectations of rate hike by BoJ. On domestic front, 10Y yield inched up as RBI's minutes showed a hawkish bias.

- US stock indices fell, while FTSE remained unchanged, impacted by rise in tensions between US and Iran, and elevated bond yields. Elsewhere in Asia, stock markets rebounded. Sensex rose by 0.8% with gains in real estate, stocks. It is trading lower today, while Asian indices are trading mixed.

Table 1 – Stock markets

	19-08-2026	20-08-2026	Change, %
Dow Jones	53,463	52,759	(1.3)
S & P 500	7,708	7,641	(0.9)
FTSE	10,743	10,748	0
Nikkei	65,326	66,217	1.4
Hang Seng	25,495	25,698	0.8
Shanghai Comp	3,894	3,904	0.2
Sensex	76,910	77,538	0.8
Nifty	24,078	24,232	0.6

Source: Bloomberg, Bank of Baroda Research

- Barring JPY (lower) and EUR (flat), other major currencies closed higher against the US$. DXY rose by 0.1%. Yen continues to decline, tracking widening interest rate differential between US and Japan, and awaiting next rate hike by BoJ. INR appreciated, despite pressure on oil prices. It is trading stable today while other Asian currencies are trading mixed.

Table 2 – Currencies

	19-08-2026	20-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1677	1.1678	0
GBP/USD (1 GBP / USD)	1.3606	1.3631	0.2
USD/JPY (JPY / 1 USD)	158.17	159.05	(0.6)
USD/INR (INR / 1 USD)	95.76	95.71	0.1
USD/CNY (CNY / 1 USD)	6.7296	6.7250	0.1
DXY Index	98.83	98.90	0.1

Source: Bloomberg, Bank of Baroda Research

- Except Japan (lower) and Germany and China (stable), global yields inched up. US 10Y yield rose the most by 6bps as investors had already priced in elevated buyback plan by the government. Japan's 10Y yield softened monitoring a weaker yen. India's 10Y yield rose by 5bps as RBI minutes had a hawkish bias. It is trading at the same level today.

Table 3 – Bond 10Y yield

	19-08-2026	20-08-2026	Change, bps
US	4.65	4.70	6
UK	5.04	5.07	2
Germany	3.26	3.26	0
Japan	2.90	2.86	(4)
China	1.69	1.69	0
India	6.82	6.87	5

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	19-08-2026	20-08-2026	Change, bps
Tbill-91 days	5.26	5.27	1
Tbill-182 days	5.55	5.59	4
Tbill-364 days	5.72	5.73	1
G-Sec 2Y	6.19	6.25	6
India OIS-2M	5.32	5.34	2
India OIS-9M	5.67	5.78	11
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.62	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	19-08-2026	20-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.7	3.5	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	18-08-2026	19-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	254.6	98.1	(156.5)
Debt	(51.2)	46.4	97.6
Equity	305.8	51.8	(254.1)
Mutual funds (Rs cr)	(2,183.2)	10,525.5	12,708.7
Debt	(6,975.6)	5,953.7	12,929.3
Equity	4,792.4	4,571.8	(220.5)

Source: Bloomberg, Bank of Baroda Research, Note: Mutual fund data as of 12 & 13 Augl

- Oil prices rose notably, as US plans to build economic pressure on trading partners of Iran, by imposing stringent sanctions on Iran.

Table 7 – Commodities

	19-08-2026	20-08-2026	Change, %
Brent crude (US$/bbl)	91.6	93.8	2.4
Gold (US$/ Troy Ounce)	4,515.6	4,516.6	0
Copper (US$/ MT)	14,364.3	14,113.2	(1.7)
Zinc (US$/MT)	3,802.9	3,892.4	2.4
Aluminium (US$/MT)	3,227.5	3,205.0	(0.7)

Source: Bloomberg, Bank of Baroda Research

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For further details about this publication, please contact:

Chief Economist
Bank of Baroda
chief.economist@bankofbaroda.com