

MORNING MOCHA

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 ECONOMIST
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US President Donald Trump has announced that US has decided to extend the ceasefire until they receive a “unified proposal” from Iran. He also re-iterated that US will maintain blockade of Iranian ports. On the other hand, as per news reports, Iran’s UN ambassador has claimed that no negotiations will take place until US blockade is removed. On the macro front, US retail sales rose by 1.7% in Mar’26 (est.: 1.4%), from upwardly revised 0.7% rise in Feb’26. Core sales (excl. motor vehicles and parts) also rose by 1.9% from 0.7%, led by jump in sales of furniture, electronics and appliances and food & beverage stores. Separately in Germany, ZEW business sentiment index fell to its 3-year low of (-) 17.2, from (-) 0.5 in Mar’26. Participants noted the impact of higher energy prices due to war in Iran and its impact on GDP growth. Growth estimates are expected to be cut to 0.5% for CY26.

- Barring US indices and FTSE, other global indices closed higher. Investors monitored the latest developments of extending US-Iran ceasefire indefinitely. Nikkei rose to a record high tracking macro data (widening strong trade surplus). Sensex advanced with gains in FMCG and real estate stocks. However, it is trading lower today while Asian indices are trading mixed.

Table 1 – Stock markets

| | 20-04-2026 | 21-04-2026 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 49,443 | 49,149 | (0.6) |
| S & P 500 | 7,109 | 7,064 | (0.6) |
| FTSE | 10,609 | 10,498 | (1.0) |
| Nikkei | 58,825 | 59,349 | 0.9 |
| Hang Seng | 26,361 | 26,487 | 0.5 |
| Shanghai Comp | 4,082 | 4,085 | 0.1 |
| Sensex | 78,520 | 79,273 | 1.0 |
| Nifty | 24,365 | 24,577 | 0.9 |

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed weaker against the dollar. DXY edged up, with focus shifting towards comments from the next Fed Chair nominee. EUR was down led by subdued macro print. INR depreciated as oil prices surged. It is trading even lower today, while other Asian currencies are trading mixed.

Table 2 – Currencies

| | 20-04-2026 | 21-04-2026 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1788 | 1.1744 | (0.4) |
| GBP/USD (1 GBP / USD) | 1.3535 | 1.3508 | (0.2) |
| USD/JPY (JPY / 1 USD) | 158.81 | 159.37 | (0.4) |
| USD/INR (INR / 1 USD) | 93.12 | 93.50 | (0.4) |
| USD/CNY (CNY / 1 USD) | 6.8173 | 6.8265 | (0.1) |
| DXY Index | 98.10 | 98.39 | 0.3 |

Source: Bloomberg, Bank of Baroda Research



- Barring 10Y yields in Asia, other global yields inched up. Yields in UK and US rose the most. Surprisingly positive retail sales growth in the US, and next Fed Chair nominee Kevin Warsh's statement indicating that Fed's independence was paramount, impacted investor sentiments. India's 10Y yield closed flat, but it is trading higher today at 6.91%, tracking rise in oil prices and global yields.

Table 3 – Bond 10Y yield

| | 20-04-2026 | 21-04-2026 | Change, bps |
|---------|------------|------------|-------------|
| US | 4.25 | 4.29 | 4 |
| UK | 4.83 | 4.88 | 5 |
| Germany | 2.98 | 3.00 | 2 |
| Japan | 2.39 | 2.40 | 0 |
| China | 1.77 | 1.75 | (1) |
| India | 6.89 | 6.89 | 0 |

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

| | 20-04-2026 | 21-04-2026 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days | 5.17 | 5.16 | (1) |
| Tbill-182 days | 5.40 | 5.44 | 4 |
| Tbill-364 days | 5.53 | 5.50 | (3) |
| G-Sec 2Y | 5.94 | 5.91 | (3) |
| India OIS-2M | 5.29 | 5.29 | 0 |
| India OIS-9M | 5.61 | 5.61 | 0 |
| SONIA int rate benchmark | 3.73 | 3.73 | 0 |
| US SOFR | 3.65 | 3.63 | (2) |

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

| Rs tn | 20-04-2026 | 21-04-2026 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 4.1 | 3.3 | (0.8) |

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

| | 16-04-2026 | 17-04-2026 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | 293.9 | 40.4 | (253.5) |
| Debt | 70.8 | (14.1) | (84.9) |
| Equity | 223.1 | 54.5 | (168.6) |
| Mutual funds (Rs cr) | (2,100.3) | (2,961.7) | (861.4) |
| Debt | 799.1 | 1,179.8 | 380.7 |
| Equity | (2,899.4) | (4,141.4) | (1,242.1) |

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 15 Apr and 16 Apr 2026

- Crude price jumped as US and Iran remain at an impasse regarding the US navy blockade of Iranian ports.

Table 7 – Commodities

| | 20-04-2026 | 21-04-2026 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl) | 95.5 | 98.5 | 3.1 |
| Gold (US\$/ Troy Ounce) | 4,820.7 | 4,720.0 | (2.1) |
| Copper (US\$/ MT) | 13,199.5 | 13,163.8 | (0.3) |
| Zinc (US\$/MT) | 3,397.1 | 3,442.0 | 1.3 |
| Aluminium (US\$/MT) | 3,557.5 | 3,557.0 | 0 |

Source: Bloomberg, Bank of Baroda Research



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