

## MORNING MOCHA

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Recently, EU Parliament called off a vote to ratify trade deal with the US. The vote was due on 26-27 Jan, aiming to lower tariffs for import of US industrial goods as part of trade agreement earlier negotiated. Following this, US President Donald Trump announced that a concept deal has been worked out with NATO regarding Greenland. If this deal goes through, then US will not impose additional tariffs on European nations from 1 Feb. On the macro front, UK's CPI rose to 3.4% (YoY) in Dec'25 from 3.2% in Nov'25. In MoM terms as well, pressure is seeing building up (0.4% versus -0.2%), led by alcohol and tobacco and transport. Domestically, RBI released its monthly bulletin, in which it reaffirms that despite global economic tensions, India remains on path to stay the fastest growing major economy. Both urban and rural growth indicators are showing continued upward momentum.

- Barring Nikkei and domestic indices, other global indices rebounded as tariff threats on EU nations were averted amidst news of 'new framework deal'. US indices registered gains supported by strong earnings from banks. Sensex ended lower with deep losses noted in consumer durables and banking stocks. However, it is trading higher today, while other Asian indices are trading lower.

**Table 1 – Stock markets**

	20-01-2026	21-01-2026	Change, %
Dow Jones	48,489	49,077	1.2
S & P 500	6,797	6,876	1.2
FTSE	10,127	10,138	0.1
Nikkei	52,991	52,775	(0.4)
Hang Seng	26,488	26,585	0.4
Shanghai Comp	4,114	4,117	0.1
Sensex	82,180	81,910	(0.3)
Nifty	25,233	25,158	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed lower. Dollar index recovered as risk sentiment improved amidst easing global trade tensions. INR slipped to a record low, given rising oil prices and sustained FPI outflows. It is trading stronger today while other Asian currencies are trading mixed.

**Table 2 – Currencies**

	20-01-2026	21-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1725	1.1685	(0.3)
GBP/USD (1 GBP / USD)	1.3439	1.3429	(0.1)
USD/JPY (JPY / 1 USD)	158.15	158.30	(0.1)
USD/INR (INR / 1 USD)	90.98	91.70	(0.8)
USD/CNY (CNY / 1 USD)	6.9608	6.9648	(0.1)
DXY Index	98.64	98.76	0.1

Source: Bloomberg, Bank of Baroda Research



- Except UK and Germany, other major global yields ended lower. 10Y yield in Japan and US fell the most. Investors reacted to news of a framework being agreed upon for Greenland and possibility of US not imposing additional tariffs on European nations from next month. India's 10Y fell by 2bps to 6.65%, following global cues. It is trading steady at the same level (6.65%) today.

**Table 3 – Bond 10Y yield**

	20-01-2026	21-01-2026	Change, bps
US	4.29	4.24	(5)
UK	4.46	4.46	0
Germany	2.86	2.88	2
Japan	2.36	2.29	(7)
China	1.84	1.83	(1)
India	6.67	6.65	(2)

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	20-01-2026	21-01-2026	Change, bps
Tbill-91 days	5.42	5.48	6
Tbill-182 days	5.65	5.64	(1)
Tbill-364 days	5.63	5.70	7
G-Sec 2Y	5.81	5.86	5
India OIS-2M	5.38	5.38	0
India OIS-9M	5.53	5.52	(1)
SONIA int rate benchmark	3.72	3.72	0
US SOFR	3.65	3.64	(1)

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	20-01-2026	21-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.7	(0.1)	(0.8)

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	19-01-2026	20-01-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	43.0	(71.1)	(114.1)
Debt	269.7	61.9	(207.8)
Equity	(226.7)	(133.0)	93.7
Mutual funds (Rs cr)	(4,096.0)	(1,325.4)	2,770.6
Debt	(6,472.1)	(4,176.3)	2,295.7
Equity	2,376.1	2,850.9	474.9

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 16 Jan and 19 Jan 2026

- Oil prices rose further, awaiting more clarity on global trade tensions.

**Table 7 – Commodities**

	20-01-2026	21-01-2026	Change, %
Brent crude (US\$/bbl)	64.9	65.2	0.5
Gold (US\$/ Troy Ounce)	4,763.4	4,831.7	1.4
Copper (US\$/ MT)	12,855.3	12,780.9	(0.6)
Zinc (US\$/MT)	3,129.4	3,135.4	0.2
Aluminium (US\$/MT)	3,107.5	3,115.0	0.2

Source: Bloomberg, Bank of Baroda Research



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