MORNING MOCHA

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US President Donald Trump has suggested that US and Iran might agree to a peace deal by this week. However, escalating tensions in the Strait of Hormuz and reports of renewed attacks on Lebanon by Israel, indicate otherwise. On the macro front, UK CPI (YoY) in Mar'26 rose to 3.3% (est.: 3.3%) from 3% in Feb'26, showing the impact of war on fuel prices. Motor fuel, airfares, and food & beverages contributed to the increase. Core CPI was marginally lower at 3.1% from 3.2% in Feb'26. Separately, Japan's exports (YoY) rose by 11.7% in Mar'26 and imports rose by 10.9%, leading to a trade surplus of ¥667bn (est.: ¥1tn). In the fiscal year ending Mar'26, Japan has recorded a trade deficit of ¥1.7tn. Flash PMI data shows that Japan's manufacturing activity rose sharply in Apr'26 (54.9 versus 51.6 in Mar'26), helped by uptick in new work. Services sector activity slowed (51.2 versus 53.4).

- Global indices closed mixed amidst ongoing uncertainty in the Middle East, with Strait of Hormuz remaining closed. S&P 500 ended at a record high with better-than-expected earnings report. Nikkei also rose, supported by gains in technology stocks and weaker currency. Sensex fell, dragged by IT related and banking stocks. It is trading lower today in line with other Asian indices.

Table 1 – Stock markets

	21-04-2026	22-04-2026	Change, %
Dow Jones	49,149	49,490	0.7
S & P 500	7,064	7,138	1.0
FTSE	10,498	10,476	(0.2)
Nikkei	59,349	59,586	0.4
Hang Seng	26,487	26,163	(1.2)
Shanghai Comp	4,085	4,106	0.5
Sensex	79,273	78,516	(1.0)
Nifty	24,577	24,378	(0.8)

Source: Bloomberg, Bank of Baroda Research

- Barring CNY and GBP, other global currencies closed lower. DXY strengthened given the ongoing standoff between US and Iran. EUR depreciated as geopolitical tensions continue to escalate. INR fell further with higher oil prices. It is trading further weaker today while Asian currencies are trading mixed.

Table 2 – Currencies

	21-04-2026	22-04-2026	Change, %
EUR/USD (1 EUR / USD)	1.1744	1.1705	(0.3)
GBP/USD (1 GBP / USD)	1.3508	1.3502	0
USD/JPY (JPY / 1 USD)	159.37	159.48	(0.1)
USD/INR (INR / 1 USD)	93.50	93.80	(0.3)
USD/CNY (CNY / 1 USD)	6.8265	6.8289	0
DXY Index	98.39	98.59	0.2

Source: Bloomberg, Bank of Baroda Research

- Global yields broadly remained range-bound. US 10Y yield was up by 1bps, as investors are monitoring the fragile ceasefire situation in West Asia. UK's 10Y reacted to rise in inflation in Mar'26. India's 10Y yield rose by 3bps, noting resurgence in oil prices. Following global cues, it is trading even higher today at 6.95%.

Table 3 – Bond 10Y yield

	21-04-2026	22-04-2026	Change, bps
US	4.29	4.30	1
UK	4.88	4.91	2
Germany	3.00	3.01	0
Japan	2.40	2.40	1
China	1.75	1.73	(2)
India	6.89	6.92	3

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	21-04-2026	22-04-2026	Change, bps
Tbill-91 days	5.16	5.20	4
Tbill-182 days	5.44	5.44	0
Tbill-364 days	5.50	5.58	8
G-Sec 2Y	5.91	5.95	4
India OIS-2M	5.29	5.31	2
India OIS-9M	5.61	5.65	4
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.63	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	21-04-2026	22-04-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.3	3.3	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	21-04-2026	22-04-2026	change (US$ mn/Rs cr)
FII (US$ mn)	40.4	122.2	81.8
Debt	(14.1)	58.5	72.6
Equity	54.5	63.7	9.2
Mutual funds (Rs cr)	(2,961.7)	1,253.3	4,215.0
Debt	1,179.8	(876.2)	(2,056.0)
Equity	(4,141.4)	2,129.5	6,271.0

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 17 Apr and 20 Apr 2026

- Crude price crossed US$ 100/bbl mark as Strait of Hormuz remains closed.

Table 7 – Commodities

	21-04-2026	22-04-2026	Change, %
Brent crude (US$/bbl)	98.5	101.9	3.5
Gold (US$/ Troy Ounce)	4,720.0	4,739.9	0.4
Copper (US$/ MT)	13,163.8	13,374.2	1.6
Zinc (US$/MT)	3,442.0	3,474.0	0.9
Aluminium (US$/MT)	3,557.0	3,613.5	1.6

Source: Bloomberg, Bank of Baroda Research

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