

## MORNING MOCHA

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US GDP rose by 4.4% in Q3CY25, up from previously estimated 4.3% and 3.8% in Q2. This was led by strong growth in personal consumption expenditure, government spending and exports. Fed's preferred gauge—PCE inflation rose a tad in Nov'25 to 2.8% (both headline and core) from 2.7% in Oct'25. Initial jobless claims for the week ending 17 Jan'26 rose by 1k to 200k. However, continuing claims (4-week average) fell by ~16k to 1.87mn from 1.89mn in the previous week. Noting these data points, analysts believe that given the strength of the US economy, Fed may cut rates this year at a slower pace (1 or 2 cuts expected). Separately, government borrowings in the UK rose (£11.6bn versus £18.7bn in Dec'24) less than expected in Dec'25, helped by stronger growth in tax revenues.

- Global indices closed higher. US indices advanced for the second straight day as tariff threats were thwarted and investors monitored better than expected US data. Nikkei surged, ahead of the BoJ's rate decision. Sensex edged up supported by gains in capital goods and real estate stocks. It is trading higher today in line with other Asian stocks.

**Table 1 – Stock markets**

	21-01-2026	22-01-2026	Change, %
Dow Jones	49,077	49,384	0.6
S & P 500	6,876	6,913	0.5
FTSE	10,138	10,150	0.1
Nikkei	52,775	53,689	1.7
Hang Seng	26,585	26,630	0.2
Shanghai Comp	4,117	4,123	0.1
Sensex	81,910	82,307	0.5
Nifty	25,158	25,290	0.5

Source: Bloomberg, Bank of Baroda Research

- Except CNY and JPY, other global currencies strengthened. DXY dipped as risk sentiment improved after US President softened his stance on Greenland and tariffs on European countries. GBP and EUR gained the most. INR appreciated a tad. It is trading further stronger today, in line with other Asian currencies.

**Table 2 – Currencies**

	21-01-2026	22-01-2026	Change, %
EUR/USD (1 EUR / USD)	1.1685	1.1755	0.6
GBP/USD (1 GBP / USD)	1.3429	1.3501	0.5
USD/JPY (JPY / 1 USD)	158.30	158.41	(0.1)
USD/INR (INR / 1 USD)	91.70	91.63	0.1
USD/CNY (CNY / 1 USD)	6.9648	6.9696	(0.1)
DXY Index	98.76	98.36	(0.4)

Source: Bloomberg, Bank of Baroda Research



- Major global yields closed mixed. 10Y yield in Japan and India fell, while it remained steady in US and China. Investors are evaluating possible Fed rate trajectory this year given stronger than expected growth print. India's 10Y fell by 2bps to 6.63%, as oil prices declined. However, it is trading higher today at 6.66%, following global cues.

**Table 3 – Bond 10Y yield**

	21-01-2026	22-01-2026	Change, bps
US	4.24	4.24	0
UK	4.46	4.47	2
Germany	2.88	2.89	1
Japan	2.29	2.25	(4)
China	1.83	1.84	0
India	6.65	6.63	(2)

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

	21-01-2026	22-01-2026	Change, bps
Tbill-91 days	5.48	5.46	(2)
Tbill-182 days	5.64	5.63	(1)
Tbill-364 days	5.70	5.67	(3)
G-Sec 2Y	5.81	5.86	5
India OIS-2M	5.38	5.39	1
India OIS-9M	5.52	5.52	0
SONIA int rate benchmark	3.72	3.72	0
US SOFR	3.64	3.63	(1)

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

Rs tn	21-01-2026	22-01-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.1)	(0.1)	0

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

	20-01-2026	21-01-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(71.1)	(145.6)	(74.5)
Debt	61.9	(37.6)	(99.5)
Equity	(133.0)	(108.0)	25.0
Mutual funds (Rs cr)	(1,325.4)	(7,521.1)	(6,195.7)
Debt	(4,176.3)	(9,418.7)	(5,242.4)
Equity	2,850.9	1,897.7	(953.3)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 19 Jan and 20 Jan 2026

- Oil prices fell as US crude inventories rose to higher-than-expected level.

**Table 7 – Commodities**

	21-01-2026	22-01-2026	Change, %
Brent crude (US\$/bbl)	65.2	64.1	(1.8)
Gold (US\$/ Troy Ounce)	4,831.7	4,936.0	2.2
Copper (US\$/ MT)	12,780.9	12,672.7	(0.8)
Zinc (US\$/MT)	3,135.4	3,174.3	1.2
Aluminium (US\$/MT)	3,115.0	3,132.5	0.6

Source: Bloomberg, Bank of Baroda Research



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