MORNING MOCHA

23 October 2026

Economist
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US jobless claims fell by 6k to a 3-month low of 194k for the week ended Oct 17, in turn pointing to much lower layoff and growing stability in the labour market. This was further supported by strong demand and rising profits. The claims continue to be the below the 200k mark for the 6th week in a row and was inching closer to the 57-year low, last noted in Jul'26 (189k). Previously, the non-farm payrolls were up by 29k in Sep'26 against 133k addition noted in Aug'26. The continuing claims were up by 25k to 1.7mn for the week ended Oct 10 and unemployment rate remaining steady at 4.2% in Sep'26. The resilient labour market could possibly influence the Fed's next move ahead of the policy even as persistent inflation risk due to the ongoing conflict continue to weigh in on investors.

- Except Dow Jones (flat), other global indices closed lower. Hang Seng registered the biggest decline in over 7-months, with tech index slumping by 5%. This was on the back of deep sell-off as hopes of possible stimulus measures faded. Sensex too slipped with deep losses in FMCG and capital good stocks. However, it is trading higher today in line with Asian stocks.

Table 1 – Stock markets

	21-10-2026	22-10-2026	Change, %
Dow Jones	52,856	52,868	0
S & P 500	7,757	7,663	(1.2)
FTSE	10,753	10,725	(0.3)
Nikkei	64,621	62,908	(2.7)
Hang Seng	23,652	22,935	(3.0)
Shanghai Comp	3,713	3,658	(1.5)
Sensex	73,710	73,249	(0.6)
Nifty	22,811	22,688	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed against the US$. DXY fell by 0.2% tracking sharp decline in treasury yields. JPY rose the most by 0.9%, boosted by safe-haven demand, and as investors digest the news of renewal of energy subsidies. INR fell by 0.4%, as oil prices remain a concern. However, it is trading tad stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	21-10-2026	22-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1232	1.1216	(0.1)
GBP/USD (1 GBP / USD)	1.3394	1.3401	0.1
USD/JPY (JPY / 1 USD)	158.14	156.77	0.9
USD/INR (INR / 1 USD)	94.47	94.83	(0.4)
USD/CNY (CNY / 1 USD)	6.6759	6.6748	0
DXY Index	101.78	101.61	(0.2)

Source: Bloomberg, Bank of Baroda Research

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- Major global yields closed lower. US 10Y yield fell significantly (lowest since mid-Sep'26) as investors chose safer investment option amidst sell-off in AI stocks. Demand for German and UK 10Y bonds as safe assets also rose, noting tensions in France. However, India's 10Y yield rose by 2bps, as oil prices inched up. It is trading stable today, tracking mixed global cues.

Table 3 – Bond 10Y yield

	21-10-2026	22-10-2026	Change, bps
US	5.12	4.95	(17)
UK	5.38	5.33	(5)
Germany	3.42	3.33	(9)
Japan	2.88	2.87	(1)
China	1.63	1.63	0
India	7.44	7.46	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	21-10-2026	22-10-2026	Change, bps
Tbill-91 days	5.75	5.85	10
Tbill-182 days	6.21	6.30	9
Tbill-364 days	6.36	6.45	9
G-Sec 2Y	6.92	6.98	5
India OIS-2M	5.83	5.83	0
India OIS-9M	6.43	6.40	(4)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.88	3.88	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	21-10-2026	22-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0	0.3	0.3

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	19-10-2026	21-10-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(25.5)	209.7	235.2
Debt	18.1	34.6	16.5
Equity	(43.6)	175.2	218.8
Mutual funds (Rs cr)	(1,949.7)	2,581.8	4,531.5
Debt	(3,686.9)	(363.1)	3,323.8
Equity	1,737.2	2,944.9	1,207.7

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 12 Oct and 13 Oct 2026

- Oil prices surged to 5-month high as attacks in Saudi Arabia threatened global supply.

Table 7 – Commodities

	21-10-2026	22-10-2026	Change, %
Brent crude (US$/bbl)	108.8	113.2	4.0
Gold (US$/ Troy Ounce)	4,140.7	4,024.9	(2.8)
Copper (US$/ MT)	14,472.3	14,198.7	(1.9)
Zinc (US$/MT)	3,800.2	3,715.6	(2.2)
Aluminium (US$/MT)	3,041.5	3,009.5	(1.1)

Source: Bloomberg, Bank of Baroda Research

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