MORNING MOCHA

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Economist
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US announced fresh global tariffs on 60 of its major trading partners citing a 'failure of each economy to impose and effectively enforce a prohibition on the importation of goods produced with forced labor'. The tariff rate has been set at 10% for 54 countries, including India, while for the rest a higher rate of 12.5% has been set. The tariffs will be applicable from today and will replace the 10% blanket tariff announced earlier. Separately, attacks in the Red Sea and reduced movement through Strait of Hormuz pushed oil prices above US$ 100/bbl. ECB kept policy rates on hold, however, a rate hike is pencilled in for Sep'26. In Japan, CPI inflation picked up to 1.7% from 1.5% in May'26. Core inflation remained steady at 1.7%, while core-core inflation (ex. volatile food and fuel) decelerated to 1.7% in Jun'26 from 1.8% in May'26.

- Asian stocks inched up amidst AI-related optimism. Stocks elsewhere closed lower monitoring reports of higher duties by the US on major trading partners over labour regulations. US stocks declined the most. Sensex also moderated led by real estate stocks. It is trading lower today, in line with Asian stocks.

Table 1 – Stock markets

	22-07-2026	23-07-2026	Change, %
Dow Jones	52,219	51,712	(1.0)
S & P 500	7,499	7,408	(1.2)
FTSE	10,717	10,639	(0.7)
Nikkei	66,116	66,423	0.5
Hang Seng	24,893	25,211	1.3
Shanghai Comp	3,867	3,877	0.3
Sensex	76,755	76,391	(0.5)
Nifty	23,996	23,870	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY, other global currencies ended weaker against the dollar. DXY rose by 0.3% tracking higher treasury yields. GBP depreciated despite an improvement in GfK's consumer confidence index. INR ended flat. It is trading stronger today, while Asian currencies are trading mixed.

Table 2 – Currencies

	22-07-2026	23-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1412	1.1377	(0.3)
GBP/USD (1 GBP / USD)	1.3375	1.3315	(0.4)
USD/JPY (JPY / 1 USD)	163.15	163.86	(0.4)
USD/INR (INR / 1 USD)	96.57	96.57	0
USD/CNY (CNY / 1 USD)	6.7740	6.7772	0
DXY Index	101.13	101.44	0.3

Source: Bloomberg, Bank of Baroda Research

- Except China (stable), global yields closed higher amidst renewed inflationary concerns and anticipation of tighter monetary policy by global central banks. UK's 10Y yield rose the most. ECB also remained hawkish signalling a possible rate hike in Sep'26. India's 10Y yield rose by 4bps. It is trading further higher at 6.86% today.

Table 3 – Bond 10Y yield

	22-07-2026	23-07-2026	Change, bps
US	4.65	4.69	4
UK	5.03	5.10	7
Germany	3.17	3.20	3
Japan	2.76	2.79	3
China	1.73	1.73	0
India	6.80	6.84	4

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	22-07-2026	23-07-2026	Change, bps
Tbill-91 days	5.34	5.29	(5)
Tbill-182 days	5.59	5.56	(3)
Tbill-364 days	5.75	5.70	(5)
G-Sec 2Y	6.22	6.24	2
India OIS-2M	5.43	5.44	1
India OIS-9M	5.87	5.91	4
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.61	3.62	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	22-07-2026	23-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0	0.6	0.6

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	21-07-2026	22-07-2026	change (US$ mn/Rs cr)
FII (US$ mn)	1,867.4	514.0	(1,353.5)
Debt	1,491.6	480.2	(1,011.5)
Equity	375.8	33.8	(342.0)
Mutual funds (Rs cr)	3,175.4	(1,666.4)	(4,841.8)
Debt	(306.0)	(1,730.0)	(1,424.0)
Equity	3,481.4	63.6	(3,417.8)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 16 Jul and 17 Jul 2026

- Oil prices rose by 7% as US President signalled intensification of attacks in the coming days.

Table 7 – Commodities

	22-07-2026	23-07-2026	Change, %
Brent crude (US$/bbl)	94.1	100.7	7.0
Gold (US$/ Troy Ounce)	4,130.3	4,049.5	(2.0)
Copper (US$/ MT)	13,812.7	13,599.1	(1.5)
Zinc (US$/MT)	3,621.7	3,627.4	0.2
Aluminium (US$/MT)	3,192.5	3,188.0	(0.1)

Source: Bloomberg, Bank of Baroda Research

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