

MORNING MOCHA

24 March 2026

ECONOMIST
Sonal Badhan

In a surprise move, US President Donald Trump announced a 5-day pause on attack on Iran's energy infrastructure. He also stated that this was the result of positive talks held between US and Iran to end the war. As a result, equity markets in the US rebounded, oil prices declined by ~11%, and 10Y yields in US and Europe also eased. However, Iran has refuted possibility of any talks, leading to heightened uncertainty and rise in oil prices today. On the macro front, flash manufacturing PMIs of both Japan (51.4 versus 53 in Feb'26) and Australia (50.1 versus 51) noted a decline in Mar'26. Services activity in Mar'26 fell into contraction in Australia (46.6 versus 52.8), due to steep increase in cost pressures. Domestically, RBI in its bulletin noted that prolonged war could be detrimental to global growth outlook. However, it also added that India is better placed to absorb external shocks.

- Barring US, other global indices closed mixed as investors monitored developments on the West Asia conflict. In a relief rally, US indices rebounded amidst early signs of de-escalation. On the other hand, Sensex was down by 2.5% with deep losses in consumer durables, metal, and real estate stocks. However, it is trading higher today in line with other Asian indices.

Table 1 – Stock markets

	20-03-2026	23-03-2026	Change, %
Dow Jones	45,577	46,208	1.4
S & P 500	6,506	6,581	1.1
FTSE	9,918	9,894	(0.2)
Nikkei	53,373	51,515	(3.5)
Hang Seng	25,277	24,382	(3.5)
Shanghai Comp	3,957	3,813	(3.6)
Sensex	74,533	72,696	(2.5)
Nifty	23,115	22,513	(2.6)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 20 Mar 2026

- Except INR, other global currencies closed higher against the dollar. DXY weakened by 0.7% amidst recent news report of US postponing any strike on Iran's power grid. INR fell to a record low despite lower oil prices. However, it is trading stronger today while other Asian currencies are trading mixed.

Table 2 – Currencies

	20-03-2026	23-03-2026	Change, %
EUR/USD (1 EUR / USD)	1.1572	1.1613	0.4
GBP/USD (1 GBP / USD)	1.3341	1.3431	0.7
USD/JPY (JPY / 1 USD)	159.23	158.44	0.5
USD/INR (INR / 1 USD)	93.71	93.98	(0.3)
USD/CNY (CNY / 1 USD)	6.9036	6.8838	0.3
DXY Index	99.65	98.95	(0.7)

Source: Bloomberg, Bank of Baroda Research



- Yields in US and European markets fell, as US President Donald Trump announced a 5-day pause on attack on Iran's energy infrastructure. News reports of talks between the two is also a sign of de-escalation in tensions. India's 10Y yield rose by 10bps. It is trading further higher today at 6.86%, despite sharp decline in oil prices.

Table 3 – Bond 10Y yield

	20-03-2026	23-03-2026	Change, bps
US	4.38	4.34	(4)
UK	4.99	4.92	(7)
Germany	3.04	3.01	(4)
Japan	2.28	2.31	4
China	1.84	1.84	0
India	6.74	6.84	10

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	20-03-2026	23-03-2026	Change, bps
Tbill-91 days	5.31	5.29	(2)
Tbill-182 days	5.50	5.49	(1)
Tbill-364 days	5.60	5.60	0
G-Sec 2Y	6.05	6.12	8
India OIS-2M	5.44	5.49	5
India OIS-9M	5.73	5.89	16
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.62	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	20-03-2026	23-03-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	(0.1)	0.2	0.3

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	18-03-2026	20-03-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1,452.0)	(556.6)	895.4
Debt	(265.9)	38.0	303.8
Equity	(1,186.1)	(594.5)	591.6
Mutual funds (Rs cr)	(8,362.6)	3,580.9	11,943.5
Debt	(10,101.8)	(7.9)	10,093.8
Equity	1,739.2	3,588.8	1,849.7

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 18 & 19 Mar 2026

- Oil prices fell sharply as news reports indicate possibility of talks between US and Iran.

Table 7 – Commodities

	20-03-2026	23-03-2026	Change, %
Brent crude (US\$/bbl)	112.2	99.9	(10.9)
Gold (US\$/ Troy Ounce)	4,492.4	4,407.2	(1.9)
Copper (US\$/ MT)	11,834.7	12,081.7	2.1
Zinc (US\$/MT)	3,042.4	3,056.7	0.5
Aluminium (US\$/MT)	3,215.0	3,199.0	(0.5)

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com