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Bank of Baroda

MORNING MOCHA

25 August 2026

Economist
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US unveiled its Economic D-Day plan, wherein new sanctions have been levied on over 60 entities, individuals and vessels that have been part of or linked to Iran's military activities, procurement networks and other petrochemical trade partners. The sanctions will also target sectors such as gold, aviation, technology, shipping and digital assets amongst others. The 'Operation Economic Outcast' is expected to impact Iran's financial links with the other countries and restrict its revenue. Interestingly, China has been exempted from this strategy. Separately, Investors will await GDP print for Germany and France along with IFO survey and inflation data as that might provide some guidance on ECB's next move. A hawkish move by ECB has already been priced in amidst growing pressure form elevated energy prices. Investors will focus on Fed chief's debut speech as well as US PCE inflation data.

- Global indices closed mixed as investors monitored the ongoing development in the Middle East, after US levied economic sanctions on Iran. Nikkei dropped led by AI stocks. Sensex too slipped with losses in consumer durable and financial sector stocks. It is trading lower today in line with other Asian stocks.

Table 1 – Stock markets

	21-08-2026	24-08-2026	Change, %
Dow Jones	53,277	53,417	0.3
S & P 500	7,674	7,653	(0.3)
FTSE	10,817	10,854	0.3
Nikkei	66,016	65,528	(0.7)
Hang Seng	26,009	25,517	(1.9)
Shanghai Comp	3,905	3,882	(0.6)
Sensex	77,541	77,369	(0.2)
Nifty	24,252	24,219	(0.1)

Source: Bloomberg, Bank of Baroda Research

- DXY rose by 0.2% amidst safe-haven demand over anticipation of renewed economic pressure on Iran by US as highlighted by the US treasury Secretary. EUR, GBP and JPY depreciated by 0.1% each. INR closed stable. It is trading further lower today in line with other Asian currencies.

Table 2 – Currencies

	21-08-2026	24-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1679	1.1664	(0.1)
GBP/USD (1 GBP / USD)	1.3644	1.3632	(0.1)
USD/JPY (JPY / 1 USD)	158.95	159.11	(0.1)
USD/INR (INR / 1 USD)	95.71	95.75	0
USD/CNY (CNY / 1 USD)	6.7212	6.7219	0
DXY Index	98.80	99.00	0.2

Source: Bloomberg, Bank of Baroda Research

- Global yields closed mixed. US 10Y yield fell by 4bps amidst risk off sentiments surrounding expectation of economic pressure on Iran by the US and its repercussion on global economy. Elsewhere, 10Y yield traded thinly. India's 10Y yield rose by 2bps. It is trading at the same level today.

Table 3 – Bond 10Y yield

	21-08-2026	24-08-2026	Change, bps
US	4.73	4.70	(4)
UK	5.06	5.06	0
Germany	3.26	3.25	0
Japan	2.89	2.89	1
China	1.70	1.68	(1)
India	6.85	6.87	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	21-08-2026	24-08-2026	Change, bps
Tbill-91 days	5.28	5.27	(1)
Tbill-182 days	5.55	5.56	1
Tbill-364 days	5.72	5.74	2
G-Sec 2Y	6.25	6.30	5
India OIS-2M	5.34	5.33	(1)
India OIS-9M	5.77	5.77	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.65	2

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	21-08-2026	24-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.4	3.6	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	20-08-2026	21-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(20.2)	163.6	183.9
Debt	8.2	(42.6)	(50.8)
Equity	(28.4)	206.2	234.6
Mutual funds (Rs cr)	(2,183.2)	10,525.5	12,708.7
Debt	(6,975.6)	5,953.7	12,929.3
Equity	4,792.4	4,571.8	(220.5)

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

- Oil prices fell albeit reports of renewed sanctions on Iran by the US. It Is however, trading marginally higher today.

Table 7 – Commodities

	21-08-2026	24-08-2026	Change, %
Brent crude (US$/bbl)	94.4	92.2	(2.4)
Gold (US$/ Troy Ounce)	4,603.1	4,652.2	1.1
Copper (US$/ MT)	14,276.8	14,361.6	0.6
Zinc (US$/MT)	3,949.2	3,966.1	0.4
Aluminium (US$/MT)	3,237.5	3,228.5	(0.3)

Source: Bloomberg, Bank of Baroda Research

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