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ECONOMIST
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Given uncertainty around US and Iran peace talks, oil prices rebounded and bond yields also inched up. Analysts are now worried about war impacting global inflation. BoE's Chief Economist has warned that the central bank stands ready to act in the wake of rising inflationary pressures. Other central banks may also follow a similar approach if oil prices remain elevated. In Australia, RBA already stands cautioned, as even before the war, core inflation was sticky. It came in at 3.3% in Feb'26, unchanged from Jan'26, mainly due to housing inflation. In Japan, core (excl food and fuel) eased a tad to 2.5% in Feb'26 from 2.6% in the previous month. In Mar'26, all countries are expected to report a higher print. In the US, flash services PMI fell to 11-month low of 51.1 in Mar'26 (51.7 in Feb'26), as businesses reported decline in demand due to uncertainty on the back of ongoing conflict and rise in cost of living.

- Barring US, other global indices closed higher amidst mixed reports of possible ceasefire, even though uncertainty persists. Hang Seng outperformed other indices driven by banking and gold stocks. Sensex too rallied with strong gains in consumer durables and banking stocks. It is trading further higher today, in line with other Asian stocks.

Table 1 – Stock markets

	23-03-2026	24-03-2026	Change, %
Dow Jones	46,208	46,124	(0.2)
S & P 500	6,581	6,556	(0.4)
FTSE	9,894	9,965	0.7
Nikkei	51,515	52,252	1.4
Hang Seng	24,382	25,064	2.8
Shanghai Comp	3,813	3,881	1.8
Sensex	72,696	74,068	1.9
Nifty	22,513	22,912	1.8

Source: Bloomberg, Bank of Baroda Research

- Except INR (higher) and EUR (flat), other global currencies closed lower. DXY strengthened, amidst uncertainty around the peace talks. INR appreciated despite higher oil prices. However, it is trading lower today while other Asian stocks are trading mixed.

Table 2 – Currencies

	23-03-2026	24-03-2026	Change, %
EUR/USD (1 EUR / USD)	1.1613	1.1608	0
GBP/USD (1 GBP / USD)	1.3431	1.3411	(0.1)
USD/JPY (JPY / 1 USD)	158.44	158.70	(0.2)
USD/INR (INR / 1 USD)	93.98	93.88	0.1
USD/CNY (CNY / 1 USD)	6.8838	6.8938	(0.1)
DXY Index	98.95	99.43	0.5

Source: Bloomberg, Bank of Baroda Research

- Barring yields in Japan and China (lower), elsewhere yields inched up. UK's 10Y yield rose the most tracking hawkish comments from BoE's Chief Economist. Analysts expect rate hike starting Apr'26 onwards. US yield was impacted by muted demand. India's 10Y yield rose by 3bps, noting rise in oil prices. However, it is trading a tad lower today at 6.86%.

Table 3 – Bond 10Y yield

	23-03-2026	24-03-2026	Change, bps
US	4.34	4.36	2
UK	4.92	4.96	4
Germany	3.01	3.03	2
Japan	2.31	2.27	(5)
China	1.84	1.84	(1)
India	6.84	6.87	3

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	23-03-2026	24-03-2026	Change, bps
Tbill-91 days	5.29	5.37	8
Tbill-182 days	5.49	5.50	1
Tbill-364 days	5.60	5.67	7
G-Sec 2Y	6.12	6.21	9
India OIS-2M	5.49	5.47	(2)
India OIS-9M	5.89	5.79	(10)
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	23-03-2026	24-03-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.2	0.6	0.4

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	20-03-2026	23-03-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(556.6)	(811.7)	(255.2)
Debt	38.0	391.6	353.7
Equity	(594.5)	(1,203.4)	(608.8)
Mutual funds (Rs cr)	3,580.9	(145.8)	(3,726.7)
Debt	(7.9)	(4,444.4)	(4,436.4)
Equity	3,588.8	4,298.6	709.8

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

- Oil prices rebounded, following conflicting remarks from US and Iran regarding peace talks.

Table 7 – Commodities

	23-03-2026	24-03-2026	Change, %
Brent crude (US$/bbl)	99.9	104.5	4.6
Gold (US$/ Troy Ounce)	4,407.2	4,475.5	1.6
Copper (US$/ MT)	12,081.7	12,008.8	(0.6)
Zinc (US$/MT)	3,056.7	3,017.2	(1.3)
Aluminium (US$/MT)	3,199.0	3,260.5	1.9

Source: Bloomberg, Bank of Baroda Research

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