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Economist
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Global markets showed some optimism over improved sentiments surrounding AI stocks tracking news reports of filing for IPO of a major AI company. Global currencies continued to trade lower albeit some moderation in DXY. Investors are bracing for Fed meeting over cues on December policy decision. Any signalling of rate action by Fed is likely to drive global yields higher. Elsewhere, reports pointed out that UK is set to raise the pay floor by 4%. This will be interesting to watch in an elevated inflationary environment. On macro front, Germany's Ifo business climate index rose for the 6th consecutive time to 90.2 from its previous level of 89.9, led by improvement in business outlook. In Japan, PPI remained sticky at 3.7% (YoY). China's industrial profits remained buoyant and rose by 14.4% on a YoY basis and by 15.5% on a YTD basis. On domestic front, corporate results of major auto and pharma companies will be closely watched.

- Global stocks ended mostly higher as investors awaited key central bank meetings and corporate earnings reports, particularly from AI firms. Japan's Nikkei declined, amidst losses in tech sector. Sensex is trading lower today, while other Asian indices are trading mixed.

Table 1 – Stock markets

	23-10-2026	26-10-2026	Change, %
Dow Jones	52,215	52,362	0.3
S & P 500	7,624	7,677	0.7
FTSE	10,690	10,767	0.7
Nikkei	62,693	62,190	(0.8)
Hang Seng	23,093	23,212	0.5
Shanghai Comp	3,690	3,698	0.2
Sensex	73,249	73,124	(0.2)
Nifty	22,688	22,600	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Global currencies declined. DXY was 0.2% lower ahead of Fed meeting. EUR slipped by 0.2% despite a pickup in Germany's business climate index (Ifo). INR closed unchanged. It is trading weaker today, in line with its Asian peers.

Table 2 – Currencies

	23-10-2026	26-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1202	1.1174	(0.2)
GBP/USD (1 GBP / USD)	1.3374	1.3342	(0.2)
USD/JPY (JPY / 1 USD)	156.87	157.50	(0.4)
USD/INR (INR / 1 USD)	94.94	94.95	0
USD/CNY (CNY / 1 USD)	6.6703	6.6700	0
DXY Index	101.81	101.63	(0.2)

Source: Bloomberg, Bank of Baroda Research

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- Global 10Y yields traded in a narrow range as investors remained cautious ahead of Fed policy. No rate action is anticipated. CME Fed watch tool is pricing in an 89.5% probability of status quo on rates. However, forward signalling remains crucial for direction of yields. Only Germany's 10Y yield rose slightly by 2bps tracking better Ifo data. India's 10Y yield fell by 2bps and is trading at the same level today.

Table 3 – Bond 10Y yield

	23-10-2026	26-10-2026	Change, bps
US	4.99	4.99	(1)
UK	5.36	5.34	(1)
Germany	3.35	3.37	2
Japan	2.81	2.80	0
China	1.63	1.63	0
India	7.47	7.46	(2)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	23-10-2026	26-10-2026	Change, bps
Tbill-91 days	5.83	5.87	4
Tbill-182 days	6.25	6.23	(2)
Tbill-364 days	6.48	6.45	(3)
G-Sec 2Y	7.05	7.06	1
India OIS-2M	5.82	5.90	8
India OIS-9M	6.43	6.50	7
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.90	3.92	2

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	23-10-2026	26-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.4	0.3	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	22-10-2026	23-10-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(248.4)	258.0	506.4
Debt	(264.8)	18.7	283.5
Equity	16.4	239.3	222.9
Mutual funds (Rs cr)	(11,868.7)	(6,818.0)	5,050.7
Debt	(13,695.5)	(9,620.3)	4,075.2
Equity	1,826.8	2,802.3	975.5

Source: Bloomberg, Bank of Baroda Research

- Oil prices eased from a 6-month high amidst hopes of possible deescalation.

Table 7 – Commodities

	23-10-2026	26-10-2026	Change, %
Brent crude (US$/bbl)	116.7	115.8	(0.8)
Gold (US$/ Troy Ounce)	3,996.1	4,016.7	0.5
Copper (US$/ MT)	14,472.0	14,514.7	0.3
Zinc (US$/MT)	3,819.0	3,917.9	2.6
Aluminium (US$/MT)	3,043.5	3,040.5	(0.1)

Source: Bloomberg, Bank of Baroda Research

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