MORNING MOCHA

28 July 2026

Economist
Jahnavi Prabhakar

In the US, capital orders rose at much faster pace than expected in Jun'26, the increase of 0.3% came after declining by 4% in May'26 on a MoM basis. Core capital orders (excl transportation) which reflects business spending was up by 0.9% in Jun'26 against 1% increase in May'26. The increase in these orders have been attributed to the pick-up in business investment in AI, even as firms continue to undergo tariff and geopolitical related turmoil. Analysts expect much stronger growth in equipment spending in the near term supported by adequate fiscal measures. Additionally, investors also expect US Q2GDP at 2.1% unchanged from Q1. Separately, in Indonesia, a surprise exit by the central bank Governor, brings back the debate on independence of central bank along with policy credibility.

- Barring S&P 500 other global indices closed higher as investors continue to monitor the ongoing developments, since the recent pause in US-Iran hostilities. Dow Jones advanced supported by moderation in oil prices. Sensex rebounded with strong gain in by auto and consumer durable stocks. It continues to trade higher today, while other Asian stocks are trading lower.

Table 1 – Stock markets

	24-07-2026	27-07-2026	Change, %
Dow Jones	51,947	52,210	0.5
S & P 500	7,412	7,413	0
FTSE	10,736	10,782	0.4
Nikkei	64,611	64,931	0.5
Hang Seng	24,963	25,207	1.0
Shanghai Comp	3,814	3,858	1.2
Sensex	76,060	76,836	1.0
Nifty	23,767	23,996	1.0

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed against the US$. GBP depreciated by 0.3%, while INR appreciated the most by 0.7%. DXY rose by 0.1% as investors await for more cues on Fed's rate trajectory. Lingering concerns of a rate hike this year remain. INR rose notably, helped by easing oil prices. It is trading further stronger today, while other Asian peers are trading weaker.

Table 2 – Currencies

	24-07-2026	27-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1370	1.1369	0
GBP/USD (1 GBP / USD)	1.3325	1.3289	(0.3)
USD/JPY (JPY / 1 USD)	163.83	163.75	0
USD/INR (INR / 1 USD)	96.57	95.90	0.7
USD/CNY (CNY / 1 USD)	6.7711	6.7637	0.1
DXY Index	101.47	101.54	0.1

Source: Bloomberg, Bank of Baroda Research

- Except China, all other global yields fell significantly. US 10Y yield was down by 3bps and yields in Europe (UK and Germany) fell by 4bps, noting sharp deceleration in oil prices. Weaker than expected US durable goods orders data also impacted market sentiments. India's 10Y also cooled down considerably by 5bps following global cues. It is trading even lower today at 6.76%.

Table 3 – Bond 10Y yield

	24-07-2026	27-07-2026	Change, bps
US	4.68	4.65	(3)
UK	5.03	5.00	(4)
Germany	3.17	3.13	(4)
Japan	2.82	2.79	(3)
China	1.72	1.73	0
India	6.83	6.77	(5)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	24-07-2026	27-07-2026	Change, bps
Tbill-91 days	5.35	5.26	(9)
Tbill-182 days	5.57	5.52	(5)
Tbill-364 days	5.71	5.68	(3)
G-Sec 2Y	6.23	6.20	(3)
India OIS-2M	5.41	5.37	(4)
India OIS-9M	5.86	5.77	(9)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.64	3.64	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	24-07-2026	27-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.9	1.0	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	23-07-2026	24-07-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(362.8)	(487.3)	(124.5)
Debt	(92.8)	(132.2)	(39.4)
Equity	(270.1)	(355.1)	(85.0)
Mutual funds (Rs cr)	2,991.0	1,133.9	(1,857.1)
Debt	795.4	(1,947.5)	(2,742.8)
Equity	2,195.6	3,081.3	885.7

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 23 Jul and 24 Jul 2026

- Oil prices extended losses, amidst pause in hostilities between US and Iran.

Table 7 – Commodities

	24-07-2026	27-07-2026	Change, %
Brent crude (US$/bbl)	96.8	88.4	(8.7)
Gold (US$/ Troy Ounce)	4,052.8	4,076.3	0.6
Copper (US$/ MT)	13,653.8	13,770.6	0.9
Zinc (US$/MT)	3,641.7	3,684.8	1.2
Aluminium (US$/MT)	3,159.5	3,167.5	0.3

Source: Bloomberg, Bank of Baroda Research

Disclaimer

Visit us at

For further details about this publication, please contact:

Chief Economist
Bank of Baroda
chief.economist@bankofbaroda.com