

MORNING MOCHA

29 May 2026

ECONOMIST

Aditi Gupta

Reports of a possible 60-day extension of ceasefire between US and Iran lifted investor sentiments. The deal which is yet to be formally approved by both sides is also expected to end the blockage in Strait of Hormuz. Elsewhere, US macro data painted a grim picture. Core PCE, Fed's preferred gauge of inflation, advanced by 3.3% in Apr'26 vs. 3.2% in Mar'26 (YoY). However, on a MoM basis, core PCE rose by 0.2% last month, compared with 0.3% in Mar'26. US Q1 GDP growth was revised lower to 1.6% vs. 2% estimated earlier, led by downward revisions to consumer spending and investment. Separate data also showed a 1.1% decline in US non-defense capital goods orders. Core inflation in Tokyo decelerated to 1.3% in May'26 from 1.5% in Apr'26, largely due government subsidies aimed at easing cost of living.

- Global indices closed mixed. The discussion centring around 60-day ceasefire agreement between US and Iran lifted stocks in the US. Majority of the Asian stocks (except Shanghai Comp) closed lower assessing the impact of war. Sensex also moderated in the last trading session, led by banking stocks. It is however trading higher today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	27-05-2026	28-05-2026	Change, %
Dow Jones	50,644	50,669	0
S & P 500	7,520	7,564	0.6
FTSE	10,505	10,426	(0.8)
Nikkei	64,999	64,693	(0.5)
Hang Seng	25,328	25,006	(1.3)
Shanghai Comp	4,094	4,099	0.1
Sensex	76,010	75,868	(0.2)
Nifty	23,914	23,907	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 28 May 2026

- Global currencies appreciated as risk sentiment improved. Hopes of US-Iran ceasefire pushed DXY lower. Amongst major currencies, EUR and JPY appreciated by 0.2% each. INR is trading stronger today, in line with other Asian currencies tracking positive global cues.

Table 2 – Currencies

	27-05-2026	28-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1626	1.1651	0.2
GBP/USD (1 GBP / USD)	1.3427	1.3445	0.1
USD/JPY (JPY / 1 USD)	159.52	159.24	0.2
USD/INR (INR / 1 USD)	95.69	95.70	0
USD/CNY (CNY / 1 USD)	6.7792	6.7757	0.1
DXY Index	99.21	99.02	(0.2)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 28 May 2026



- Global yields broadly closed lower drawing cues from reports of the 60-day ceasefire agreement between US and Iran. 10Y yields in both US and UK fell by 4bps each. For US, despite a stickiness in core PCE data, yields got support from rising expectations of a likely truce. India's 10Y yield closed stable. It is trading lower today at 6.98%.

Table 3 – Bond 10Y yield

	27-05-2026	28-05-2026	Change, bps
US	4.48	4.45	(4)
UK	4.86	4.81	(4)
Germany	2.99	2.96	(2)
Japan	2.70	2.70	0
China	1.74	1.72	(1)
India	6.99	7.00	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 28 May 2026

Table 4 – Short term rates

	26-05-2026	27-05-2026	Change, bps
Tbill-91 days	5.49	5.53	4
Tbill-182 days	5.73	5.70	(3)
Tbill-364 days	5.89	5.96	7
G-Sec 2Y	6.36	6.30	(6)
India OIS-2M	5.53	5.48	(5)
India OIS-9M	5.99	5.93	(6)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.63	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 28 May 2026

Table 5 – Liquidity

Rs tn	26-05-2026	27-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.5	0.7	0.2

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 28 May 2026

Table 6 – Capital market flows

	25-05-2026	26-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	233.8	(116.0)	(349.8)
Debt	3.3	(8.1)	(11.4)
Equity	230.5	(107.9)	(338.4)
Mutual funds (Rs cr)	(3,747.0)	(5,560.2)	(1,813.2)
Debt	(4,299.8)	(7,232.8)	(2,933.0)
Equity	552.9	1,672.7	1,119.8

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 20 May and 21 May 2026 | Note: Markets in India were closed on 28 May 2026

- Oil prices dipped to a 1-month low on reports of extension of US-Iran ceasefire.

Table 7 – Commodities

	27-05-2026	28-05-2026	Change, %
Brent crude (US\$/bbl)	94.3	93.7	(0.6)
Gold (US\$/ Troy Ounce)	4,454.0	4,495.3	0.9
Copper (US\$/ MT)	13,465.2	13,656.2	1.4
Zinc (US\$/MT)	3,487.1	3,528.2	1.2
Aluminium (US\$/MT)	3,636.0	3,659.5	0.6

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