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Global markets continued to bear the brunt of constant pessimism surrounding US-Iran hostilities. There was broad based sell off in the equity market. Bond yields firmed up tracking rising oil prices (currently at US\$ 107/bbl). US 10Y yield is hovering at its high of 2007-level. CME Fedwatch tool is pricing in a probability of 72.5% for a Fed rate hike in its Oct'26 policy. This is keeping DXY (currently at 101.2) high and impacting other currency basket as well. The upcoming US macro data on jobs and consumer confidence will throw further light on the strength of the economy and direction of policy rate. Elsewhere, in China, government hinted at announcing measures to revive property sector and boost domestic demand. It is to be noted that the Q2 growth rate at 4.3% is trailing behind the official annual growth target of 4.5-5%. On domestic front, gap between India and US 10Y yield (currently at 195bps) is to be closely watched, as it is dipping below multi-year low levels.

- Except Hang Seng, other global indices ended lower as escalating tensions between US and Iran weighed on investor sentiments. In the US, financial stocks declined the most. Sensex fell by 1.5% amidst losses in power and real estate stocks. It is trading further weaker today, in line with other Asian stocks.

Table 1 – Stock markets

	25-09-2026	28-09-2026	Change, %
Dow Jones	51,829	51,482	(0.7)
S & P 500	7,743	7,684	(0.8)
FTSE	10,695	10,685	(0.1)
Nikkei	66,364	65,878	(0.7)
Hang Seng	24,510	24,643	0.5
Shanghai Comp	3,888	3,824	(1.7)
Sensex	73,896	72,772	(1.5)
Nifty	23,141	22,780	(1.6)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY gained supported by higher US yields and strengthening expectations of more rate hikes. EUR slipped after ECB President suggested a “measured” response to inflation. INR depreciated tracking higher oil prices. It is trading further weaker today, in line with other Asian currencies.

Table 2 – Currencies

	25-09-2026	28-09-2026	Change, %
EUR/USD (1 EUR / USD)	1.1391	1.1371	(0.2)
GBP/USD (1 GBP / USD)	1.3247	1.3255	0.1
USD/JPY (JPY / 1 USD)	157.28	157.39	(0.1)
USD/INR (INR / 1 USD)	95.82	95.99	(0.2)
USD/CNY (CNY / 1 USD)	6.7129	6.7111	0
DXY Index	100.97	101.20	0.2

Source: Bloomberg, Bank of Baroda Research



- There was broad based sell off in the fixed income market as investors are anticipating elevated borrowing cost amidst signals of tighter monetary policy. New York Fed President also hinted at elevated policy rate, going ahead. US 10Y yield rose at the sharpest pace followed by UK and Germany. India's 10Y yield rose steeply by 7bps, taking global cues and tracking OMO sales auction. It is trading at 7.18% today.

Table 3 – Bond 10Y yield

	25-09-2026	28-09-2026	Change, bps
US	5.16	5.24	8
UK	5.37	5.42	6
Germany	3.60	3.64	4
Japan	3.08	3.10	2
China	1.67	1.67	0
India	7.12	7.19	7

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	25-09-2026	28-09-2026	Change, bps
Tbill-91 days	5.43	5.39	(4)
Tbill-182 days	5.77	5.75	(2)
Tbill-364 days	6.04	6.02	(2)
G-Sec 2Y	6.56	6.54	(2)
India OIS-2M	5.50	5.54	4
India OIS-9M	5.99	6.07	8
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.90	3.87	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	25-09-2026	28-09-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	4.6	4.8	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	24-09-2026	25-09-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(598.9)	(431.2)	167.7
Debt	(127.4)	(59.5)	67.9
Equity	(471.5)	(371.7)	99.8
Mutual funds (Rs cr)	(2,080.6)	(575.3)	1,505.3
Debt	(2,373.8)	(1,762.4)	611.3
Equity	293.1	1,187.1	894.0

Source: Bloomberg, Bank of Baroda Research, Note: Mutual fund data as of 18th and 21st Sep

- Oil prices inched up as US President rejected Iran's peace proposal.

Table 7 – Commodities

	25-09-2026	28-09-2026	Change, %
Brent crude (US\$/bbl)	104.3	105.3	0.9
Gold (US\$/ Troy Ounce)	4,284.8	4,115.7	(3.9)
Copper (US\$/ MT)	14,728.4	14,434.7	(2.0)
Zinc (US\$/MT)	3,995.8	3,954.2	(1.0)
Aluminium (US\$/MT)	3,268.0	3,251.5	(0.5)

Source: Bloomberg, Bank of Baroda Research



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