

MORNING MOCHA

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ECONOMIST

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In India, as per the provisional data by CGA, Centre achieved the fiscal deficit target of 4.4% of GDP, making an improvement from last year level (4.8% of GDP for FY25). For FY26, government had collected Rs 33.42 lakh cr (98.8% of RE) of revenue and Rs 49.64 lakh cr of expenditure (98.8% of RE). For Apr'26, total expenditure was up by 23.5% against 12.9% increase in the previous year. Separately, IIP series debuted with new base year (2022-23) and rejigging of weights along with wider coverage of items. There is inclusion of new components such as water supply, sewerage and gas supply as part of new methodology. Industrial output rose at a much slower pace by 4.9% in Apr'26 against 5.8% in Apr'25. On global front, aluminium price surged to near 4-year high due to escalated supply risk on account of the ongoing West Asia conflict.

- Global indices closed mixed as conflicting signals are emerging pertaining to the conflict. US indices continue to climb higher with gains in technology and energy stocks. Nikkei edged up further. On domestic front, Sensex was down with losses in power and capital good stocks. It is trading lower today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	29-05-2026	01-06-2026	Change, %
Dow Jones	51,032	51,079	0.1
S & P 500	7,580	7,600	0.3
FTSE	10,409	10,339	(0.7)
Nikkei	66,330	66,934	0.9
Hang Seng	25,182	25,398	0.9
Shanghai Comp	4,069	4,058	(0.3)
Sensex	74,776	74,267	(0.7)
Nifty	23,548	23,383	(0.7)

Source: Bloomberg, Bank of Baroda Research

- Global currencies broadly closed lower. DXY firmed up on account of better US ISM manufacturing print. EUR and JPY depreciated by 0.2% each. Elsewhere currency traded thinly. INR closed stable. It is trading lower today while Asian currencies are trading mixed.

Table 2 – Currencies

	29-05-2026	01-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1659	1.1631	(0.2)
GBP/USD (1 GBP / USD)	1.3456	1.3454	0
USD/JPY (JPY / 1 USD)	159.27	159.66	(0.2)
USD/INR (INR / 1 USD)	95.00	95.00	0
USD/CNY (CNY / 1 USD)	6.7663	6.7670	0
DXY Index	98.94	99.20	0.3

Source: Bloomberg, Bank of Baroda Research



- Except China (tad lower), global yields firmed up. UK's 10Y yield rose at the sharpest pace by 9bps followed by Germany's which rose by 6bps. Uncertainty reigned over the developments surrounding the peace deal between US and Iran. India's 10Y yield rose a tad higher. It is trading at the same level today.

Table 3 – Bond 10Y yield

	29-05-2026	01-06-2026	Change, bps
US	4.44	4.45	2
UK	4.81	4.90	9
Germany	2.94	3.00	6
Japan	2.67	2.69	2
China	1.72	1.71	(1)
India	7.00	7.02	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	29-05-2026	01-06-2026	Change, bps
Tbill-91 days	5.52	5.51	(1)
Tbill-182 days	5.66	5.67	1
Tbill-364 days	5.92	5.95	3
G-Sec 2Y	6.29	6.32	3
India OIS-2M	5.46	5.48	2
India OIS-9M	5.93	5.94	2
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.63	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	29-05-2026	01-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.0	0.9	(0.2)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	27-05-2026	29-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	157.9	(2,102.5)	(2,260.4)
Debt	0.8	198.7	197.9
Equity	157.1	(2,301.2)	(2,458.3)
Mutual funds (Rs cr)	(2,219.6)	(1,883.1)	336.5
Debt	(466.2)	(4,946.9)	(4,480.7)
Equity	(1,753.4)	3,063.8	4,817.2

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 26 May and 27 May 2026

- Oil prices inched up as US and Iran offered different accounts over the conflict in Lebanon.

Table 7 – Commodities

	29-05-2026	01-06-2026	Change, %
Brent crude (US\$/bbl)	92.1	95.0	3.2
Gold (US\$/ Troy Ounce)	4,540.3	4,485.0	(1.2)
Copper (US\$/ MT)	13,599.7	13,808.1	1.5
Zinc (US\$/MT)	3,518.4	3,556.3	1.1
Aluminium (US\$/MT)	3,666.5	3,716.0	1.4

Source: Bloomberg, Bank of Baroda Research



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