

MORNING MOCHA

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ECONOMIST

Dipanwita Mazumdar

Global markets remained cautious in today's trading session eyeing the ongoing conflict in Middle East. The repercussion of US-Israel joint military strikes on Iran has been visible in major asset classes. Oil prices are trading higher today, by 6.3% at ~US\$ 77/bbl from previous close of US\$ 72/bbl. Gold also firmed up by 1.5% and is trading at US\$ 5,357/troy ounce, today. The risk off sentiment was also reflected in rising demand of sovereign asset classes. Among major macro releases, US PPI firmed up by 0.5% on sequential basis. UK's GfK consumer index softened, and Germany's CPI remained below the 2% mark. Japan's manufacturing PMI data rose to its 45th month high in Feb'26 led by broad based improvement in output, new orders and employment. On domestic front, Feb'26 GST collection was at Rs 1.83 lakh crore, reflecting buoyancy in economic activity.

- Stocks in the US declined amidst persistent AI concerns and tariff related uncertainty. Tech and financial stocks declined the most. FTSE scaled a fresh record high as investors expect BoE to lower rates. Sensex dipped as metal and auto stocks declined. It is trading further weaker today, in line with other Asian stocks due to ongoing geopolitical tensions.

Table 1 – Stock markets

	26-02-2026	27-02-2026	Change, %
Dow Jones	49,499	48,978	(1.1)
S & P 500	6,909	6,879	(0.4)
FTSE	10,847	10,911	0.6
Nikkei	58,753	58,850	0.2
Hang Seng	26,381	26,631	0.9
Shanghai Comp	4,147	4,163	0.4
Sensex	82,249	81,287	(1.2)
Nifty	25,497	25,179	(1.2)

Source: Bloomberg, Bank of Baroda Research

- DXY weakened tracking a fall in US treasury yields. Amongst major currencies, CNY fell the most by 0.2%. INR depreciated tracking an increase in oil prices. It is trading above the 91/\$ mark today as oil prices rose to ~US\$ 77/bbl. Other Asian currencies are also trading weaker.

Table 2 – Currencies

	26-02-2026	27-02-2026	Change, %
EUR/USD (1 EUR / USD)	1.1797	1.1812	0.1
GBP/USD (1 GBP / USD)	1.3482	1.3482	0
USD/JPY (JPY / 1 USD)	156.13	156.05	0.1
USD/INR (INR / 1 USD)	90.92	90.98	(0.1)
USD/CNY (CNY / 1 USD)	6.8475	6.8624	(0.2)
DXY Index	97.79	97.61	(0.2)

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields fell sharply amidst risk off sentiments over geopolitical risk. US 10Y yield has fallen the most. 10Y yield in Germany and UK also softened considerably led by weaker macro data. India's 10Y yield also fell by 3bps tracking auction results and evolution of system liquidity. It is trading higher at 6.69% today.

Table 3 – Bond 10Y yield

	26-02-2026	27-02-2026	Change, bps
US	4.00	3.94	(7)
UK	4.27	4.23	(4)
Germany	2.69	2.64	(5)
Japan	2.16	2.12	(4)
China	1.82	1.81	(1)
India	6.69	6.66	(3)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	26-02-2026	27-02-2026	Change, bps
Tbill-91 days	5.27	5.24	(3)
Tbill-182 days	5.46	5.41	(5)
Tbill-364 days	5.55	5.51	(4)
G-Sec 2Y	5.70	5.62	(8)
India OIS-2M	5.32	5.32	0
India OIS-9M	5.42	5.41	(1)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.67	3.67	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	26-02-2026	27-02-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.1	2.9	0.8

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	25-02-2026	26-02-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	246.7	(286.2)	(532.8)
Debt	126.5	(19.0)	(145.5)
Equity	120.1	(267.2)	(387.3)
Mutual funds (Rs cr)	(12,347.8)	(511.5)	11,836.3
Debt	(5,655.9)	(4,963.4)	692.5
Equity	(6,691.8)	4,452.0	11,143.8

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 24 Feb & 25 Feb 2026

- Oil prices edged up tracking tensions between US and Iran.

Table 7 – Commodities

	26-02-2026	27-02-2026	Change, %
Brent crude (US\$/bbl)	70.8	72.5	2.4
Gold (US\$/ Troy Ounce)	5,185.0	5,278.9	1.8
Copper (US\$/ MT)	13,235.0	13,294.0	0.4
Zinc (US\$/MT)	3,361.5	3,298.7	(1.9)
Aluminium (US\$/MT)	3,157.5	3,140.0	(0.6)

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com