

MORNING MOCHA

30 July 2026

Economist

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In line with expectations, US Fed kept benchmark rates unchanged (5th meeting in a row) at 3.50-3.75%. Interestingly, in a first split vote, 3 members out of 12 marked their dissent in favour of 25bps rate hike. The Fed Chair, Kevin Warsh stated that key goal remains keeping 'inflation at manageable levels' as they continue to work towards achieving the target 2% mark and also stated 'This Fed will not waver'. He also added that this decision should not be read as a 'pause' and this is more of the review of the economy. Analyst are divided on next rate decision and are now pricing in a much higher likelihood of keeping rates hold in Sep meeting than estimated earlier. Separately, Australia's CPI came in softer than expected at 3.8% in Jun'26 against 4% in May'26. The downward shift has dialled down rate expectation by RBA. Geopolitical tension resurfaced amidst renewed hostilities between US-Iran.

- Barring US and Japan's indices, other global indices closed higher as investors monitored Fed's rate decision. Dow Jones was down as AI related stocks continue to decline. Sensex rebounded with gains in metal and IT related stocks. However, it is trading lower today in line with other Asian stocks.

Table 1 – Stock markets

	28-07-2026	29-07-2026	Change, %
Dow Jones	52,747	51,594	(2.2)
S & P 500	7,429	7,316	(1.5)
FTSE	10,871	10,908	0.3
Nikkei	62,365	61,434	(1.5)
Hang Seng	25,311	25,808	2.0
Shanghai Comp	3,813	3,828	0.4
Sensex	76,766	77,655	1.2
Nifty	23,985	24,250	1.1

Source: Bloomberg, Bank of Baroda Research

- Global currencies rose against the US\$. DXY ended flat, as investors await more cues from US inflation data of July and August to determine if Fed will hike rates in Sep'26. EUR and GBP benefitted the most. INR too appreciated by 0.2%. It is trading further stronger today, in line with other Asian peers.

Table 2 – Currencies

	28-07-2026	29-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1387	1.1467	0.7
GBP/USD (1 GBP / USD)	1.3289	1.3370	0.6
USD/JPY (JPY / 1 USD)	163.85	163.41	0.3
USD/INR (INR / 1 USD)	95.86	95.65	0.2
USD/CNY (CNY / 1 USD)	6.7702	6.7642	0.1
DXY Index	101.42	101.43	0

Source: Bloomberg, Bank of Baroda Research



- Except Japan and China, other global yields ended higher. US 10Y yield rose by 7bps, as investors digested Fed's commentary on risks to inflation and 3 members voting for a 25bps hike. Additionally, steep rise in oil prices also impacted investor sentiments. India's 10Y yield was also up by 2bps, tracking global cues. It is trading steady at 6.80%.

Table 3 – Bond 10Y yield

	28-07-2026	29-07-2026	Change, bps
US	4.61	4.68	7
UK	4.94	5.04	9
Germany	3.10	3.16	6
Japan	2.79	2.77	(2)
China	1.73	1.73	0
India	6.78	6.80	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	28-07-2026	29-07-2026	Change, bps
Tbill-91 days	5.29	5.33	4
Tbill-182 days	5.55	5.58	3
Tbill-364 days	5.71	5.72	1
G-Sec 2Y	6.22	6.21	0
India OIS-2M	5.37	5.38	1
India OIS-9M	5.76	5.80	4
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.64	3.65	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	28-07-2026	29-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.1	1.2	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	27-07-2026	28-07-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	8.4	(169.2)	(177.7)
Debt	147.9	(110.4)	(258.3)
Equity	(139.4)	(58.8)	80.6
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 jumped sharply, following revival in tensions between US and Iran.

Table 7 – Commodities

	28-07-2026	29-07-2026	Change, %
Brent crude (US\$/bbl)	84.1	90.7	7.9
Gold (US\$/ Troy Ounce)	4,029.6	4,067.6	0.9
Copper (US\$/ MT)	13,715.2	13,605.0	(0.8)
Zinc (US\$/MT)	3,638.1	3,628.2	(0.3)
Aluminium (US\$/MT)	3,147.5	3,180.0	1.0

Source: Bloomberg, Bank of Baroda Research



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