बैंक ऑफ़ बड़ौदा Bank of Baroda

MORNING MOCHA

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Economist
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Post US Fed decision, BoJ also kept rates on hold in line with expectation at 1% with a vote of 8-1. In its outlook, it highlighted concerns of core inflation exceeding the 2% target mark in H2CY26. This was attributed to the pass through of wage increase, elevated crude prices as well as recent depreciation of currency. In the US, growth slowed down to 1.5% in Q2 (2.1% increase in Q1) led by widening trade deficit. The big bump in consumer spending of 3.2% was offset by losses in import growth. Separately, China's official manufacturing PMI slipped into contraction to 49.2 (5-month low) in Jul'26 (50.3 in Jun'26). This was on account of weak domestic demand along with typhoons related disruption. New orders were down to 48.5 (38-month low). Additionally, non-manufacturing PMI also dropped down to 49 in Jul'26, weakest level since Dec'22.

- Barring FTSE and Shanghai Comp, other global indices closed higher. US indices edged up supported by strong earnings and rebound in technology stocks. Sensex advanced with strong gains in auto stocks. It is trading higher today while other Asian stocks are trading mixed.

Table 1 – Stock markets

	29-07-2026	30-07-2026	Change, %
Dow Jones	51,594	52,208	1.2
S & P 500	7,316	7,438	1.7
FTSE	10,908	10,897	(0.1)
Nikkei	61,434	61,867	0.7
Hang Seng	25,808	25,859	0.2
Shanghai Comp	3,828	3,805	(0.6)
Sensex	77,655	77,928	0.4
Nifty	24,250	24,317	0.3

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies rose against the US$. DXY fell by 1%, noting slowdown in Q2 GDP growth. JPY gained the most, followed by GBP and EUR. Sharp appreciation in JPY is touted to be on the back of government intervention. INR remained stable and is trading higher today, in line with other Asian peers.

Table 2 – Currencies

	29-07-2026	30-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1467	1.1528	0.5
GBP/USD (1 GBP / USD)	1.3370	1.3466	0.7
USD/JPY (JPY / 1 USD)	163.41	159.53	2.4
USD/INR (INR / 1 USD)	95.65	95.68	0
USD/CNY (CNY / 1 USD)	6.7642	6.7525	0.2
DXY Index	100.89	99.86	(1.0)

Source: Bloomberg, Bank of Baroda Research

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- Major global yields closed mixed. Yields rose in Japan and India, while it remained flat in the US, and fell elsewhere. Slowdown in US GDP in Q2 and stickiness in core PCE inflation, impacted investor sentiments. Yields in Europe tracked further moderation in oil prices. India's 10Y yield was up by 2bps, ahead of weekly G-sec auction today. It is trading steady at 6.81%.

Table 3 – Bond 10Y yield

	29-07-2026	30-07-2026	Change, bps
US	4.68	4.67	0
UK	5.04	4.98	(5)
Germany	3.16	3.16	(1)
Japan	2.77	2.81	5
China	1.73	1.72	(1)
India	6.80	6.81	2

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	29-07-2026	30-07-2026	Change, bps
Tbill-91 days	5.33	5.31	(2)
Tbill-182 days	5.58	5.59	1
Tbill-364 days	5.72	5.72	0
G-Sec 2Y	6.21	6.20	(1)
India OIS-2M	5.38	5.39	1
India OIS-9M	5.80	5.79	(1)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.65	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	29-07-2026	30-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.2	1.3	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	28-07-2026	29-07-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(169.2)	571.9	741.2
Debt	(110.4)	(33.9)	76.5
Equity	(58.8)	605.9	664.7
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 have fallen, tracking news reports of Saudi Arabia building a coalition to beef up military security in the Red Sea.

Table 7 – Commodities

	29-07-2026	30-07-2026	Change, %
Brent crude (US$/bbl)	90.7	89.0	(1.9)
Gold (US$/ Troy Ounce)	4,067.6	4,103.4	0.9
Copper (US$/ MT)	13,605.0	13,843.5	1.8
Zinc (US$/MT)	3,628.2	3,676.4	1.3
Aluminium (US$/MT)	3,180.0	3,195.5	0.5

Source: Bloomberg, Bank of Baroda Research

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