बैंक ऑफ़ बड़ौदा Bank of Baroda

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Economist
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Global markets broadly showed optimism with equity indices getting support from AI-driven spending. Currency market sentiments centred around reports of likely intervention by US and Japanese authorities to shore up demand for yen. It is to be noted that JPY rose to a near 3-month high in its Friday-session. Global yields remained elevated as news reports suggested escalated conflict between US and Iran. On monetary policy front, Fed officials (Cleveland, Minneapolis and Dallas Fed President) signalled a restrictive policy. BoE's Chief Economist also warned about second-round effect of elevated energy costs. On macro front, in the US, University of Michigan sentiment index firmed up. UK's house price showed modest pickup in Jul'26. On domestic front, RBI reported that US$ 40.8bn was mobilised through FCNR (B), OFCBs and ECBs route, between 8 Jun-31 Jul'26, out of which US$ 36.7bn was mobilised through FCNR (B) deposits route.

- Except FTSE, other global indices ended higher. The rally was supported by easing concerns over AI spending. Amongst major indices, Nikkei surged the most by 4%. Sensex rose by 0.2% led by gains in auto and capital goods stocks. It is trading higher today, while Asian stocks are trading mixed.

Table 1 – Stock markets

	30-07-2026	31-07-2026	Change, %
Dow Jones	52,208	52,485	0.5
S & P 500	7,438	7,490	0.7
FTSE	10,897	10,868	(0.3)
Nikkei	61,867	64,362	4.0
Hang Seng	25,859	25,884	0.1
Shanghai Comp	3,805	3,832	0.7
Sensex	77,928	78,095	0.2
Nifty	24,317	24,384	0.3

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended broadly higher as market participants continued to monitor movement in JPY, amidst reports of intervention. JPY appreciated by 1.4% to a near 3-month high. INR also gained despite higher oil prices. It is trading lower today, while Asian currencies are trading mixed.

Table 2 – Currencies

	30-07-2026	31-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1528	1.1527	0
GBP/USD (1 GBP / USD)	1.3466	1.3483	0.1
USD/JPY (JPY / 1 USD)	159.53	157.40	1.4
USD/INR (INR / 1 USD)	95.68	95.39	0.3
USD/CNY (CNY / 1 USD)	6.7525	6.7531	0
DXY Index	99.86	99.91	0.1

Source: Bloomberg, Bank of Baroda Research

- Except China and Japan, global yields closed higher. Inflationary concerns were again on the forefront with oil prices inching up and Fed officials hinting at a restrictive policy, going forward. UK's 10Y yield rose the most tracking comments by BoE official. India's 10Y yield rose by 3bps, tracking auction of 6.94% GS 2036 paper with cut off yield rising by 8bps. It is trading at 6.85%

Table 3 – Bond 10Y yield

	30-07-2026	31-07-2026	Change, bps
US	4.67	4.73	6
UK	4.98	5.05	7
Germany	3.16	3.21	5
Japan	2.81	2.81	(1)
China	1.72	1.72	0
India	6.81	6.84	3

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	30-07-2026	31-07-2026	Change, bps
Tbill-91 days	5.31	5.32	1
Tbill-182 days	5.59	5.59	0
Tbill-364 days	5.72	5.72	0
G-Sec 2Y	6.20	6.20	0
India OIS-2M	5.39	5.39	0
India OIS-9M	5.79	5.78	0
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	30-07-2026	31-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	2.3	1.0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	29-07-2026	30-07-2026	change (US$ mn/Rs cr)
FII (US$ mn)	571.9	141.7	(430.3)
Debt	(33.9)	(358.5)	(324.5)
Equity	605.9	500.1	(105.8)
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 inched up amidst reports of escalation in West Asia conflict. However it is trading lower today over fresh hopes of optimism over new talks.

Table 7 – Commodities

	30-07-2026	31-07-2026	Change, %
Brent crude (US$/bbl)	89.0	90.1	1.2
Gold (US$/ Troy Ounce)	4,103.4	4,046.2	(1.4)
Copper (US$/ MT)	13,843.5	13,835.7	(0.1)
Zinc (US$/MT)	3,676.4	3,708.6	0.9
Aluminium (US$/MT)	3,195.5	3,184.0	(0.4)

Source: Bloomberg, Bank of Baroda Research

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