## MORNING MOCHA

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Geopolitical tensions flared up yet again as peace talks between US and Iran were stalled amidst news report of US military thwarting missiles fired by Iran at Kuwait and Bahrain. On macro front, US job opening surged to 7.6mn, a near 2-year high and much higher than anticipated (est.: 6.8mn). The rate of opening compared with the size of labour force inched up to 4.6%. Majority of these opening came in from professional and business sector which added 668k jobs, followed by healthcare and social assistance which added 89k. On the other hand, hiring rate slipped down to 3.2% (5.12 mn workers) in Apr'26, a dip of 0.3% points since last month. This comes ahead of the jobs report wherein it is expected that over 100,000 jobs were added in May'26 and unemployment rate is likely to remain low at 4.3%. US Fed will monitor these dataset and is likely to hold rates in the next meeting.

- Barring Nikkei, other indices closed higher driven by AI related optimism. US indices edged up with majority gains noted across 11 sectors of S&P 500. Hang Seng was the biggest gainer. Sensex rebounded led by gains in IT related stocks. However, it is trading lower today, Asian stocks are trading mixed.

**Table 1 – Stock markets**

| | 01-06-2026 | 02-06-2026 | Change, % |
|---|---|---|---|
| Dow Jones | 51,079 | 51,308 | 0.4 |
| S & P 500 | 7,600 | 7,610 | 0.1 |
| FTSE | 10,339 | 10,374 | 0.3 |
| Nikkei | 66,934 | 66,734 | (0.3) |
| Hang Seng | 25,398 | 26,038 | 2.5 |
| Shanghai Comp | 4,058 | 4,075 | 0.4 |
| Sensex | 74,267 | 74,650 | 0.5 |
| Nifty | 23,383 | 23,484 | 0.4 |

Source: Bloomberg, Bank of Baroda Research

- Major global currencies ended mixed. GBP rose against the US$, while JPY and INR depreciated. DXY index remained unchanged, even as US jobs opening data was better than expected. INR fell by 0.3%, as oil prices inched up. It is trading even lower today in line with other Asian currencies, as investors monitor renewed tension in the Middle East.

**Table 2 – Currencies**

| | 01-06-2026 | 02-06-2026 | Change, % |
|---|---|---|---|
| EUR/USD (1 EUR / USD) | 1.1631 | 1.1631 | 0 |
| GBP/USD (1 GBP / USD) | 1.3454 | 1.3466 | 0.1 |
| USD/JPY (JPY / 1 USD) | 159.66 | 159.91 | (0.2) |
| USD/INR (INR / 1 USD) | 95.00 | 95.27 | (0.3) |
| USD/CNY (CNY / 1 USD) | 6.7670 | 6.7638 | 0 |
| DXY Index | 99.20 | 99.22 | 0 |

Source: Bloomberg, Bank of Baroda Research

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- Except China and India, other global yields closed lower. 10Y yield in Japan fell the most, followed by that of UK and Germany. Investors in Japan are looking for cues whether BoJ will pause or temper its bond tapering program. Investors also await more details on US-Iran negotiations. India's 10Y yield was flat, as oil prices begin inching up again. It is trading a tad higher at 7.03% today.

### Table 3 – Bond 10Y yield

| | 01-06-2026 | 02-06-2026 | Change, bps |
|---|---|---|---|
| US | 4.45 | 4.44 | (1) |
| UK | 4.90 | 4.86 | (4) |
| Germany | 3.00 | 2.98 | (3) |
| Japan | 2.69 | 2.58 | (11) |
| China | 1.71 | 1.70 | 0 |
| India | 7.02 | 7.01 | 0 |

Source: Bloomberg, Bank of Baroda Research

### Table 4 – Short term rates

| | 01-06-2026 | 02-06-2026 | Change, bps |
|---|---|---|---|
| Tbill-91 days | 5.51 | 5.51 | 0 |
| Tbill-182 days | 5.67 | 5.70 | 3 |
| Tbill-364 days | 5.95 | 5.98 | 3 |
| G-Sec 2Y | 6.32 | 6.27 | (6) |
| India OIS-2M | 5.48 | 5.47 | (1) |
| India OIS-9M | 5.94 | 5.91 | (3) |
| SONIA int rate benchmark | 3.73 | 3.73 | 0 |
| US SOFR | 3.63 | 3.65 | 2 |

Source: Bloomberg, Bank of Baroda Research

### Table 5 – Liquidity

| Rs tn | 01-06-2026 | 02-06-2026 | Change (Rs tn) |
|---|---|---|---|
| Net Liquidity (-deficit/+surplus) | 0.9 | 1.1 | 0.2 |

Source: RBI, Bank of Baroda Research

### Table 6 – Capital market flows

| | 29-05-2026 | 01-06-2026 | change (US$ mn/Rs cr) |
|---|---|---|---|
| FII (US$ mn) | (2,102.5) | (431.8) | 1,670.7 |
| Debt | 198.7 | (28.5) | (227.2) |
| Equity | (2,301.2) | (403.3) | 1,897.9 |
| Mutual funds (Rs cr) | (1,883.1) | 6,716.1 | 8,599.2 |
| Debt | (4,946.9) | (8,124.3) | (3,177.5) |
| Equity | 3,063.8 | 14,840.5 | 11,776.7 |

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 27 May and 29 May 2026

- Oil prices rose as tensions build up yet gain in the Middle East.

### Table 7 – Commodities

| | 01-06-2026 | 02-06-2026 | Change, % |
|---|---|---|---|
| Brent crude (US$/bbl) | 95.0 | 96.0 | 1.1 |
| Gold (US$/ Troy Ounce) | 4,485.0 | 4,488.9 | 0.1 |
| Copper (US$/ MT) | 13,808.1 | 14,036.7 | 1.7 |
| Zinc (US$/MT) | 3,556.3 | 3,624.0 | 1.9 |
| Aluminium (US$/MT) | 3,716.0 | 3,752.5 | 1.0 |

Source: Bloomberg, Bank of Baroda Research

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