MORNING MOCHA

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Economist
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Early survey results of US mid-term elections indicate that Democrats might be in the lead in both the Senate and the House. Final results are expected to have most significant impact on government's fiscal deficit trajectory and AI regulations. Separately, news reports indicate that Qatar-led delegation is making breakthrough in reaching a peace agreement between the US and Iran. On the macro front, US JOLTS report shows that job openings increased by 333k in Sep'26 to 7.53mn (est.: 7.16mn), with notable increase in construction and real estate sector. Also, factory orders rose by 1.8% (MoM) in Sep'26 from est.: 1.2% and 0.3% rise in Aug'26, supported by growth in manufacturing sector (9.4%). This is driven by infrastructure development for AI and higher consumer spending. Separately in Australia, RBA raised rate by 25bps to 4.85%--highest in 18 years, as Governor cautioned that there remains upside risks to inflation.

- Global indices closed mixed. Dow Jones slid amidst speculation of Democrats winning midterm. FTSE dropped the most ahead of the BoE policy wherein a rate hike is expected. Sensex advanced with gains in FMCG and real estate stocks. It is trading higher today, while Asian stocks are trading lower.

Table 1 – Stock markets

	2-11-2026	3-11-2026	Change, %
Dow Jones	51,984	51,787	(0.4)
S & P 500	7,541	7,569	0.4
FTSE	10,761	10,638	(1.1)
Nikkei	63,290	63,082	(0.3)
Hang Seng	23,393	23,526	0.6
Shanghai Comp	3,638	3,608	(0.8)
Sensex	75,693	76,918	1.6
Nifty	23,441	23,811	1.6

Source: Bloomberg, Bank of Baroda Research| Note: Markets in Japan were closed on 3 Nov 2026

- Except for JPY and CNY, global currencies ended higher. DXY strengthened ahead of the key midterm results and stronger macro data. JPY continues to lose momentum given higher US yields. INR appreciated amidst lower oil prices. It is trading stronger today, while Asian currencies are trading mixed.

Table 2 – Currencies

	2-11-2026	3-11-2026	Change, %
EUR/USD (1 EUR / USD)	1.1187	1.1193	0.1
GBP/USD (1 GBP / USD)	1.3406	1.3415	0.1
USD/JPY (JPY / 1 USD)	157.94	158.69	(0.5)
USD/INR (INR / 1 USD)	94.90	94.75	0.2
USD/CNY (CNY / 1 USD)	6.6483	6.6709	(0.3)
DXY Index	101.75	101.87	0.1

Source: Bloomberg, Bank of Baroda Research

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- Except in Asia, global yields elsewhere inched up. US 10Y yield was up by 5bps, noting stronger than expected macro data (job openings, factory orders). Investors also await mid-term election results which will decide the trajectory of fiscal deficit. In the UK, investors await BoE decision. India's 10Y yield fell a tad by 1bps, as oil prices cooled down. It is trading even lower today at 7.25%, following global cues (early results of US mid-term elections and oil prices).

Table 3 – Bond 10Y yield

	2-11-2026	3-11-2026	Change, bps
US	4.91	4.96	5
UK	5.19	5.26	7
Germany	3.29	3.33	4
Japan	2.78	2.78	0
China	1.63	1.62	(2)
India	7.32	7.30	(1)

Source: Bloomberg, Bank of Baroda Research:

Table 4 – Short term rates

	2-11-2026	3-11-2026	Change, bps
Tbill-91 days	5.91	5.87	(4)
Tbill-182 days	6.44	6.39	(5)
Tbill-364 days	6.54	6.50	(4)
G-Sec 2Y	7.04	7.00	(4)
India OIS-2M	5.88	5.87	(1)
India OIS-9M	6.52	6.49	(3)
SONIA int rate benchmark	3.73	3.74	0
US SOFR	3.95	3.95	0

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	2-11-2026	3-11-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.0	2.0	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	30-10-2026	2-11-2026	change (US$ mn/Rs cr)
FII (US$ mn)	381.5	419.1	37.6
Debt	(86.5)	65.8	152.3
Equity	468.0	353.3	(114.7)
Mutual funds (Rs cr)	(6,453.7)	(11,334.8)	(4,881.1)
Debt	(8,044.2)	(4,273.9)	3,770.3
Equity	1,590.5	(7,060.9)	(8,651.4)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 26 Oct and 27 Oct 2026

- Oil price eased further, amidst hopes of successful Qatar led negotiations between US and Iran.

Table 7 – Commodities

	2-11-2026	3-11-2026	Change, %
Brent crude (US$/bbl)	104.8	103.6	(1.1)
Gold (US$/ Troy Ounce)	3,946.3	3,929.7	(0.4)
Copper (US$/ MT)	14,497.7	14,154.1	(2.4)
Zinc (US$/MT)	3,966.4	3,851.6	(2.9)
Aluminium (US$/MT)	3,094.0	3,044.5	(1.6)

Source: Bloomberg, Bank of Baroda Research

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