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Economist
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Global markets showed some degree of optimism as hopes of interim peace deal between US and Iran gained traction. News reports indicated another 60-day agreement on shipping through the Strait of Hormuz. Oil prices fell sharply by -5.3% in yesterday's session and today it is trading further lower at US$ 78/bbl. Other asset classes also got support. DXY closed stable. Global yields broadly softened. On macro front, US indicators remained mixed. JOLTS job openings data moderated to 7359K in Jun'26. Factory orders showed moderate pace of decline by -0.3% compared to previous month's decline of -1.1%. Durable goods orders inched up by 0.5%, core durable goods orders were buoyant at 1.2%. In China, RatingDog services PMI softened to 50.4 in Jul'26 compared to 54.1 in Jun'26. On domestic front, market is likely to take cue from RBI policy.

- Except India and Hong Kong, stocks elsewhere ended higher. US stocks edged up to record highs tracking results of major AI companies. Hopes of US-Iran peace talks also lifted sentiments. Sensex declined by 0.3% led by losses in real estate stocks. It is however trading higher today, in line with other Asian indices.

Table 1 – Stock markets

	03-08-2026	04-08-2026	Change, %
Dow Jones	53,178	54,086	1.7
S & P 500	7,601	7,737	1.8
FTSE	10,858	10,879	0.2
Nikkei	63,755	63,958	0.3
Hang Seng	26,009	25,853	(0.6)
Shanghai Comp	3,810	3,822	0.3
Sensex	78,639	78,429	(0.3)
Nifty	24,774	24,615	(0.6)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY was steady tracking a decline in US job openings (JOLTS). JPY declined after a strong 4-day rally, as investors assessed the possibility of further intervention. INR dipped marginally despite lower oil prices. It is however trading stronger today, in line with its Asian peers.

Table 2 – Currencies

	03-08-2026	04-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1509	1.1531	0.2
GBP/USD (1 GBP / USD)	1.3433	1.3452	0.1
USD/JPY (JPY / 1 USD)	157.18	157.75	(0.4)
USD/INR (INR / 1 USD)	95.34	95.39	0
USD/CNY (CNY / 1 USD)	6.7558	6.7492	0.1
DXY Index	99.90	99.86	0

Source: Bloomberg, Bank of Baroda Research

- Except Japan (higher), global yields softened tracking decline in oil prices amidst hopes of a diplomatic negotiation between US and Iran. Both US and UK's 10Y yield fell by 6bps each. New York Fed President also spoke of inflation coming down in H2 of CY26. Japan's 10Y yield closed higher tracking yen. India's 10Y yield fell by 2bps. It is trading further lower at 6.78%.

Table 3 – Bond 10Y yield

	03-08-2026	04-08-2026	Change, bps
US	4.68	4.61	(6)
UK	4.95	4.90	(6)
Germany	3.15	3.11	(4)
Japan	2.84	2.86	2
China	1.71	1.71	(1)
India	6.83	6.82	(2)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	03-08-2026	04-08-2026	Change, bps
Tbill-91 days	5.30	5.36	6
Tbill-182 days	5.57	5.56	(1)
Tbill-364 days	5.70	5.68	(2)
G-Sec 2Y	6.21	6.18	(3)
India OIS-2M	5.37	5.35	(2)
India OIS-9M	5.75	5.74	(1)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.66	3.65	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	03-08-2026	04-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.4	3.3	0.9

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	31-07-2026	03-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	196.8	92.6	(104.3)
Debt	55.2	(57.7)	(112.9)
Equity	141.7	150.3	8.6
Mutual funds (Rs cr)	(2,159.2)	451.9	2,611.1
Debt	(1,387.2)	(26.4)	1,360.9
Equity	(772.0)	478.2	1,250.2

Source: Bloomberg, Bank of Baroda Research, Note: Mutual fund data as of 30th & 31 st Jul

- Oil prices declined further as news reports indicated progress in US-Iran talks.

Table 7 – Commodities

	03-08-2026	04-08-2026	Change, %
Brent crude (US$/bbl)	83.8	79.4	(5.3)
Gold (US$/ Troy Ounce)	4,054.3	4,078.0	0.6
Copper (US$/ MT)	13,943.6	14,168.9	1.6
Zinc (US$/MT)	3,700.8	3,729.7	0.8
Aluminium (US$/MT)	3,221.5	3,223.0	0

Source: Bloomberg, Bank of Baroda Research

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