MORNING MOCHA

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ECONOMIST
Jahnavi Prabhakar

In the US, weekly jobless claims rose more than expected by 13k to 225k for the week ending 30 May. This is highest level in over 4-month, even as the underlying trend continues to signal stable labour market. The 4-week moving average was up at 215k. This can be seen as one-off reporting since it includes some distortion related to the holiday which was also part of the weekly data. Claims generally tend to be higher during holiday period. This comes ahead of the employment report for May'26 which is scheduled to be released later today. Separately, Australia's trade balance was back in surplus in Apr'26 at AUD 1.8bn against a deficit of AUD 1.8bn in Mar'26, led by strong exports. In India, all eyes will be on monetary policy decision and release of GDP figures for Q4FY26.

- Global indices closed mixed as investors continue to track the ongoing developments in the Middle East. US indices rebounded, with Dow soaring to a record high with strong gains in healthcare and financial stocks. Nikkei slipped with sell off noted in technology stocks. Sensex closed flat. However, it is trading higher today while other Asian stocks are trading mixed.

Table 1 – Stock markets

	03-06-2026	04-06-2026	Change, %
Dow Jones	50,687	51,562	1.7
S & P 500	7,554	7,584	0.4
FTSE	10,332	10,360	0.3
Nikkei	68,402	67,471	(1.4)
Hang Seng	25,633	25,253	(1.5)
Shanghai Comp	4,084	4,058	(0.6)
Sensex	74,346	74,360	0
Nifty	23,406	23,417	0

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed against the US$. DXY fell by 0.1%, tracking development in the Middle East. EUR and CNY gained. Dip in oil prices supported the Euro. INR fell by 0.1%, as investors await RBI to announce measures to support the Rupee. It is trading stronger today, while other Asian currencies are trading weaker.

Table 2 – Currencies

	03-06-2026	04-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1597	1.1611	0.1
GBP/USD (1 GBP / USD)	1.3418	1.3424	0
USD/JPY (JPY / 1 USD)	160.07	160.02	0
USD/INR (INR / 1 USD)	95.71	95.79	(0.1)
USD/CNY (CNY / 1 USD)	6.7785	6.7746	0.1
DXY Index	99.53	99.41	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Barring Japan, 10Y yields in other countries declined. US 10Y yield was down by 2bps as oil prices eased. Investors also reacted to higher-than-expected initial jobless claims, while awaiting non-farm payroll data which is due later today. India's 10Y yield also fell by 3bps to below 7% mark, awaiting RBI's rate decision. It is trading even lower today at 6.98%, following global cues.

Table 3 – Bond 10Y yield

	03-06-2026	04-06-2026	Change, bps
US	4.49	4.47	(2)
UK	4.93	4.90	(3)
Germany	3.04	3.02	(1)
Japan	2.64	2.67	4
China	1.72	1.71	(1)
India	7.02	6.99	(3)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	03-06-2026	04-06-2026	Change, bps
Tbill-91 days	5.55	5.48	(7)
Tbill-182 days	5.77	5.65	(12)
Tbill-364 days	5.98	5.97	(1)
G-Sec 2Y	6.27	6.33	6
India OIS-2M	5.48	5.47	(1)
India OIS-9M	5.94	5.94	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.61	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	03-06-2026	04-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.7	1.9	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	02-06-2026	03-06-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(822.8)	(579.0)	243.9
Debt	18.7	(50.0)	(68.7)
Equity	(841.6)	(529.0)	312.6
Mutual funds (Rs cr)	6,716.1	(5,617.3)	(12,333.5)
Debt	(8,124.3)	(9,107.7)	(983.4)
Equity	14,840.5	3,490.4	(11,350.1)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 29 May and 1 June 2026

- Oil prices slipped amidst weak global cues.

Table 7 – Commodities

	03-06-2026	04-06-2026	Change, %
Brent crude (US$/bbl)	97.8	95.0	(2.8)
Gold (US$/ Troy Ounce)	4,434.8	4,474.8	0.9
Copper (US$/ MT)	13,802.4	13,920.5	0.9
Zinc (US$/MT)	3,589.1	3,565.5	(0.7)
Aluminium (US$/MT)	3,703.5	3,666.0	(1.0)

Source: Bloomberg, Bank of Baroda Research

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For further details about this publication, please contact:

Chief Economist
Bank of Baroda
chief.economist@bankofbaroda.com