

MORNING MOCHA

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ECONOMIST

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Global markets witnessed some recovery after its rout in the previous session. Correction was seen for South Korea stocks. KOSPI index rose by 9% in today's session compared to previous session loss of -12%. Oil steadied at US\$ 81/bbl, However, it is trading higher by 3.2% at US\$ 84/bbl, today. Gold prices also inched up by 1%, along with rally in other metals. On macro front, private payroll data in the US (ADP employment change) showed some momentum. It rose by 63K in Feb'26 compared to revised level of 11K, seen last month. ISM services index of the region also showed buoyancy rising to 56.1 from 53.8, led by new orders. Elsewhere, both in UK and Germany, services PMI was broadly stable. On the other hand, China has set a modest growth target of 4.5-5% for 2026. On domestic front, markets will keep a close eye on the developments in West Asia.

- Stocks in Asia ended in red, led by fears of a protracted war in the Middle East. Nikkei and Hang Seng declined the most. Sensex dipped by 1.4% led by losses in metal and oil and gas stocks. However, stocks in the US and UK edged up due to an improvement in economic data. Tech stocks led the recovery. Following this, Sensex and other Asian stocks are trading higher today.

Table 1 – Stock markets

	3-03-2026	4-03-2026	Change, %
Dow Jones	48,501	48,739	0.5
S & P 500	6,817	6,870	0.8
FTSE	10,484	10,568	0.8
Nikkei	56,279	54,246	(3.6)
Hang Seng	25,768	25,249	(2.0)
Shanghai Comp	4,123	4,082	(1.0)
Sensex	80,239	79,116	(1.4)
Nifty	24,866	24,481	(1.5)

Source: Bloomberg, Bank of Baroda Research, Note: Indian markets were closed on 03-03-2026

- Except INR, other global currencies ended stronger against the dollar. DXY eased despite an uptick in US treasury yields. Investors continued to monitor geo-political developments. INR depreciated to a record low tracking a surge in oil prices. However, it is trading stronger today, in line with its Asian peers.

Table 2 – Currencies

	3-03-2026	4-03-2026	Change, %
EUR/USD (1 EUR / USD)	1.1613	1.1634	0.2
GBP/USD (1 GBP / USD)	1.3358	1.3375	0.1
USD/JPY (JPY / 1 USD)	157.74	157.06	0.4
USD/INR (INR / 1 USD)	91.48	92.15	(0.7)
USD/CNY (CNY / 1 USD)	6.9181	6.8971	0.3
DXI Index	99.05	98.77	(0.3)

Source: Bloomberg, Bank of Baroda Research, Note: Indian markets were closed on 03-03-2026



- Except US, global 10Y yields closed lower. Some degree of risk off sentiments still prevails. For US, better economic data provided comfort. Hence 10Y yield rose by 4bps. India's 10Y yield closed stable tracking liquidity conditions. It is trading at 6.68% today.

Table 3 – Bond 10Y yield

	3-03-2026	4-03-2026	Change, bps
US	4.06	4.10	4
UK	4.47	4.44	(3)
Germany	2.75	2.75	0
Japan	2.14	2.12	(2)
China	1.80	1.80	(1)
India	6.68	6.67	0

Source: Bloomberg, Bank of Baroda Research, Note: Indian markets were closed on 03-03-2026

Table 4 – Short term rates

	3-03-2026	4-03-2026	Change, bps
Tbill-91 days	5.22	5.31	9
Tbill-182 days	5.42	5.52	10
Tbill-364 days	5.54	5.59	5
G-Sec 2Y	5.61	5.65	3
India OIS-2M	5.34	5.34	0
India OIS-9M	5.42	5.45	3
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.71	3.70	(1)

Source: Bloomberg, Bank of Baroda Research, Note: Indian markets were closed on 03-03-2026

Table 5 – Liquidity

Rs tn	27-02-2026	2-03-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.9	2.6	(0.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	27-02-2026	2-03-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(286.2)	(446.6)	(160.4)
Debt	(19.0)	154.6	173.5
Equity	(267.2)	(601.1)	(333.9)
Mutual funds (Rs cr)	(511.5)	(5,536.8)	(5,025.3)
Debt	(4,963.4)	(10,261.5)	(5,298.0)
Equity	4,452.0	4,724.7	272.7

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 26 Feb & 27 Feb 2026

- Oil prices were stable as US President pledged support for shipping through Strait of Hormuz.

Table 7 – Commodities

	3-03-2026	4-03-2026	Change, %
Brent crude (US\$/bbl)	81.4	81.4	0
Gold (US\$/ Troy Ounce)	5,088.8	5,140.4	1.0
Copper (US\$/ MT)	12,911.1	13,038.5	1.0
Zinc (US\$/MT)	3,250.3	3,308.9	1.8
Aluminium (US\$/MT)	3,251.0	3,342.5	2.8

Source: Bloomberg, Bank of Baroda Research



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