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Economist
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As Democrats gain control of both the Senate and the House, investors are relieved with the end of political uncertainty. This is also likely to have an impact on the progress of regulations in the AI sector. Markets are also hopeful for a diplomatic resolution to the US-Iran war. This is has led to ~9% decline in oil to US$ 94.6/bbl—lowest since Sep'26. On the macro front, US ISM services index fell to 54.5 in Oct'26 from 54.9 in Sep'26, dragged by slowdown in production (53.8 versus 56.5) and new orders (55.9 versus 59.8). Input price index cooled off a bit (73 versus 74) but still remains at elevated level. Also, US trade deficit narrowed to US$ 105bn in Sep'26 from US$ 105.7bn in Aug'26, as export rose at a faster pace (+1.9% to 5-month high of 321.5bn) than imports (+1.2% to record high of US$ 426.6bn). US recorded trade deficit with countries like Mexico, Vietnam, Taiwan and S. Korea. Investors now await non-farm payroll data, for guidance on Fed's rate trajectory.

- Global indices were buoyant as investors tracked the Democratic sweep in the US mid-term election and the fall in oil prices. Sensex continued with the upward momentum with gains in capital goods and real estate stocks. It is trading further higher today in line with Asian stocks.

Table 1 – Stock markets

	3-11-2026	4-11-2026	Change, %
Dow Jones	51,787	53,356	3.0
S & P 500	7,569	7,689	1.6
FTSE	10,638	10,829	1.8
Nikkei	63,082	62,189	(1.4)
Hang Seng	23,526	23,920	1.7
Shanghai Comp	3,608	3,686	2.2
Sensex	76,918	77,301	0.5
Nifty	23,811	23,961	0.6

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

- Barring CNY, other global currencies closed higher. Dollar index was under pressure (1-month low) in the wake of Democrats victory. This comes ahead of the non-farm payroll data. INR appreciated amidst lower oil prices. It is trading further stronger today while other Asian currencies are trading mixed.

Table 2 – Currencies

	3-11-2026	4-11-2026	Change, %
EUR/USD (1 EUR / USD)	1.1193	1.1228	0.3
GBP/USD (1 GBP / USD)	1.3415	1.3471	0.4
USD/JPY (JPY / 1 USD)	158.69	158.43	0.2
USD/INR (INR / 1 USD)	94.75	94.65	0.1
USD/CNY (CNY / 1 USD)	6.6709	6.6750	(0.1)
DXY Index	101.87	101.57	(0.3)

Source: Bloomberg, Bank of Baroda Research

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- Global treasury yields declined notably. US 10Y yield fell by 7bps as major win for Democrats in the US Congress has made investors hopeful about US fiscal deficit coming under control. Weaker ISM services print also impacted investor sentiments. Sharp decline in oil prices, helped yields cooled down globally. India's 10Y fell sharply by 11bps, following global cues. It is trading even lower today at 7.11% today.

Table 3 – Bond 10Y yield

	3-11-2026	4-11-2026	Change, bps
US	4.96	4.89	(7)
UK	5.26	5.13	(13)
Germany	3.33	3.27	(6)
Japan	2.78	2.82	4
China	1.62	1.61	(1)
India	7.30	7.19	(11)

Source: Bloomberg, Bank of Baroda Research:

Table 4 – Short term rates

	3-11-2026	4-11-2026	Change, bps
Tbill-91 days	5.87	5.89	2
Tbill-182 days	6.39	6.43	4
Tbill-364 days	6.50	6.62	12
G-Sec 2Y	7.00	7.00	0
India OIS-2M	5.87	5.86	(1)
India OIS-9M	6.49	6.38	(11)
SONIA int rate benchmark	3.74	3.73	0
US SOFR	3.95	3.97	2

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	3-11-2026	4-11-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.0	1.9	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	2-11-2026	3-11-2026	change (US$ mn/Rs cr)
FII (US$ mn)	419.1	678.4	259.3
Debt	65.8	(65.1)	(130.9)
Equity	353.3	743.5	390.2
Mutual funds (Rs cr)	(2,647.7)	(1,415.4)	1,232.3
Debt	(4,630.7)	(1,337.5)	3,293.2
Equity	1,983.0	(77.9)	(2,060.9)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 29 Oct and 30 Oct 2026

- Oil price tumbled to fall to double-digit, as 'blue wave' in US Congress has revived hopes for a diplomatic solution between the US and Iran.

Table 7 – Commodities

	3-11-2026	4-11-2026	Change, %
Brent crude (US$/bbl)	103.6	94.6	(8.7)
Gold (US$/ Troy Ounce)	3,929.7	4,060.7	3.3
Copper (US$/ MT)	14,154.1	14,116.8	(0.3)
Zinc (US$/MT)	3,851.6	3,846.8	(0.1)
Aluminium (US$/MT)	3,044.5	3,047.0	0.1

Source: Bloomberg, Bank of Baroda Research

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